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|---|---|---|
| Austria ... Sch. 18 | Indonesia .. Rp 2600 | Portugal ... Esc 80 |
| Bahrain .. Din.0.650 | Italy ...... L 1300 | S. Arabia .. Rls 6.00 |
| Belgium ... BFr.42 | Japan ...... Y650 | Singapore . S$ 4.10 |
| Canada ... C$1.00 | Jordan ... Fils 500 | Spain .... Pta 110 |
| Cyprus ... C£0.80 | Kuwait ... Fils 500 | Sri Lanka ... Rup 30 |
| Denmark .. Dkr.7.25 | Lebanon .. £L 8.00 | Sweden .. Skr 6.50 |
| Egypt .... E£1.00 | Luxembourg . LFr.42 | Switzerland SFr 2.20 |
| Finland .. Fmk 8.00 | Malaysia .. Rin 4.25 | Taiwan ... NT $65 |
| France .. FFr. 6.00 | Mexico .. Pes. 300 | Tunisia .. Din 0.600 |
| Germany . DM 2.20 | Morocco .. Dh 6.00 | Turkey .... L 210 |
| Greece ..... Dr 70 | Netherlands . Fl 2.50 | U.A.E. ... Dh 6.50 |
| Hong Kong . HK$ 12 | Norway .. Nkr. 8.00 | U.S.A. .... $1.00 |
| India .... Rup. 15 | Philippines . Pes. 20 | |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,695

Wednesday August 7 1985

D 8523 B


Britain: new pattern for industrial relations, Page 10

World news

## Guyana President Burnham dies

Forbes Burnham, head of government in Guyana for 21 years, died at 62 of a heart attack. Desmond Hoyte was sworn in to succeed him as President.

Burnham suffered several bouts of illness over the past five years, and frequently sought treatment in Europe and Cuba.

The change in leadership is not expected to cause any immediate shift in Guyana's foreign policy, which in recent years has seen close ties with East European countries and worsening relations with the West.

### Mid East summit

Arab League summit opens in Casablanca with King Hussein of Jordan and Mr Yassir Arafat, PLO leader, seeking backing for their peace plan to settle the Middle East conflict. Page 3

### Uganda peace bid

Uganda's Democratic Party leader, Paul Ssemogerere, called on both sides in the four-year bush war to declare a ceasefire in a new bid for peace.

### Soviet-Sweden thaw

Mr Viktor Maltsev, Soviet Deputy Foreign Minister, arrived in Sweden on the first visit by a senior official from his ministry since bilateral relations turned sour over alleged Soviet submarine intrusions into Swedish waters.

### Danish arrests

About 100 peace demonstrators were arrested after they scaled the perimeter fence of a Nato airbase in Denmark. In Copenhagen, 72 more people were detained after embassies were occupied in protest at imprisonment of objectors to compulsory military service.

### Helicopter crash

The pilot of a U.S. Army helicopter was killed when the aircraft crashed near Cairo during joint U.S.-Egyptian military exercises.

### Star wars condemned

A group of West German scientists and celebrities launched a campaign against President Reagan's star wars defence programme. More than 13,000 have already signed a statement condemning SDI.

### French coast hit

Naval helicopters plucked terrified campers from flooded beaches after freak waves over two metres high hit France's Mediterranean coast. Page 2

### Innsbruck flooded

At least two people died after a storm which raged across Austria. The river Inn overflowed and flooded part of Innsbruck.

### Forest shell fire

Fires swept through a mountainous forest region near France's border with Italy, sparking a series of explosions from World War II shells and grenades.

### Hiroshima appeal

The explosion of an atomic bomb over Hiroshima 40 years ago was marked at the blast site and elsewhere in the world with warnings that nuclear weapons should never be used again. Page 3

### U.S. reject charge

U.S. rejected a charge by the Soviet Union accusing it of having planned to atom-bomb Soviet territory in the 1940s.

### Priest summoned

Father Henryk Jankowski, spiritual adviser to Solidarity leader Lech Walesa, said he had been summoned for questioning on Friday by the prosecutor's office in Gdansk.

Business summary

## Mexico 'will not meet IMF targets'

MEXICO's Government said its target this year to reduce inflation and the public sector deficit agreed with the IMF would be missed by wide margins.

CARL ICAHN, New York financier, has increased his stake in TWA to 40.8 per cent, strengthening his hand in the takeover battle for the U.S. airline. Icahn's $787m offer is worth $1 a share more than Texas Air's rival proposal. Page 13

HONG KONG shares were fuelled by a late rally that took the Hang Seng index through the 1,700 barrier for the first time in four years. The index gained 29.03 to 1,700.93. Page 30

TOKYO prices fell for the fourth consecutive session. The Nikkei-Dow market average shed 13.34 to 12,437.28. Page 30

LONDON shares rebounded strongly but gilts eased on money supply data. The FT Ordinary share index gained 12.2 to 956.1. Page 30

WALL STREET: The Dow Jones industrial average closed down 21.73 at 1,325.16. Page 30

DOLLAR was firmer in London, rising to DM 2.849 (DM 2.825), SwFr 2.3625 (SwFr 2.322), FFr 8.69 (FFr 8.6125) and Y238.45 (Y237.4). On Bank of England figures, the dollar's exchange rate index rose from 137.5 to 138.4. Page 23

STERLING declined in London, losing 2.2 cents against the dollar to $1.3465. It was also lower at DM 3.8325 (DM 3.863), SwFr 3.1825 (SwFr 3.18), FFr 11.68 (FFr 11.785) and Y321.0 (Y324.75). The pound's Bank of England exchange rate index slipped to 80.3 from 81.1. Page 23

GOLD fell $3.25 on the London bullion market to $320.25. It was also lower in Zurich at $320.60. In New York the Comex August settlement was $320.70. Page 22

ARGENTINA announced a package of measures aimed at boosting industrial exports and generating foreign exchange revenue to help meet the country's debt payments. Page 4

OIL consumption in the industrialised world is estimated to have fallen by about 3.5 per cent in the second quarter of 1985 compared with the same period of last year. Page 2

JAPANESE CONSORTIUM led by Chiyoda has won a $195m contract for the expansion of the Thai Oil Refinery, one of Thailand's single largest industrial projects. Page 4

LALY, a small Norwegian investment company, is attempting to secure control of Kosmos, a Norwegian shipping and industrial group with a current market value of more than NKr 2bn ($234m). Page 13.

AUSTRALIAN retailers G. J. Coles and Myer Emporium are to merge forming a powerful retailing combine with total annual sales of more than A$10bn (US$7.1bn). Page 13.

TOYOTA, South Africa's largest motor manufacturer, slipped into a loss before tax of R10.1m ($4.8m) in the first half of this year as a result of lower operating costs, higher interest charges and foreign exchange losses. Page 13.

KOSMOS, Norwegian shipping and industrial group with a current market value of more than NKr 2bn ($240m), has received a surprise offer for 50.1 per cent of its shares from Laly, a small investment company. Page 13

DUTCH-based group European Fire Protection bought a 53 per cent stake in Sicli, France's leading manufacturer of fire protection equipment. Page 13

AUSTRALIAN retailers G. J. Coles and Myer Emporium agreed on a merger which will create the country's leading stores group following an improved offer from Coles. Page 13

AKZO, Dutch chemicals and fibres group, lifted second-quarter earnings by 5 per cent to Fl 203m ($64m) and now expects to beat last year's record profits. Page 13

# BBC in crisis as board reaffirms Ulster film ban

BY RAYMOND SNODDY IN LONDON

THE BBC, Britain's state television and radio service, was plunged into one of the most serious crises in its history last night as its Government-appointed board of governors rejected the unanimous advice of BBC management for the second time and upheld its ban on broadcast of a documentary about Northern Ireland.

News reports will be blacked out today in most of Britain by a 24-hour strike by the overwhelming majority of BBC journalists, supported by many of their colleagues on Britain's independent television channels.

The External Services of the BBC, which broadcast to a regular audience of more than 100m in 36 languages, and the World Service will have no regular programmes during the strike.

The transmitters will be kept open but only music will be broadcast together with regular explanations of the break in service.

Mr Stuart Young, chairman of the governors, Sir William Rees Mogg, deputy chairman; Mr Alasdair Milne, director general and Mr Alan Protheroe, assistant director general, will go to the Home Office today at 2.30pm for talks with Mr Leon Brittan, the Home Secretary.

One of the issues raised would be the "unacceptability" of any attempt by the Government to censor the BBC.

Mr Brittan last month sent a letter to the BBC saying that it would be "contrary to the national interest" for a film featuring an interview with one of the alleged heads of the IRA to be shown. He made the request without having seen the film or a transcript.

The governors' decision last week not to show the programme, also followed a statement by Mrs Margaret Thatcher, the Prime Minister, that she would "condemn utterly" the broadcast of any such film. The programme examines polarisation in Northern Ireland through interviews with Mr Martin McGuinness, an elected local councillor of Sinn Fein who the Government claims is head of the Provisional IRA, and Mr Gregory Campbell, a Protestant local councillor who believes the IRA should be shot on sight.

The BBC board of management will meet today after the talks with Mr Brittan.

The governors yesterday rejected by the same 10 to 1 vote as a week ago a series of compromise proposals put forward by management which would have allowed the programme to be shown in modified form.

Mr Young said yesterday the board considered the programme to be flawed in its present state. It would, even if amended, be "unsuitable for viewing in the prevailing atmosphere." Mr Young added in a long statement: "The board therefore, had no alternative but to exercise its constitutional right and responsibility."

The BBC chairman, the brother of Lord Young, the Cabinet Minister, said that the Board objected most strongly to some of the things Mr Brittan had said in his letter of July 29. "It (the board) is most disturbed that the decision of the previous week has been seen as yielding to Government pressure," Mr Young said.

At today's meeting at the Home Office, BBC representatives will be insisting on the "total unacceptability of censorship and the board's

Continued on Page 12

# UK steel mill closure threatens Ravenscraig

BY IAN RODGER IN LONDON

THE UK Government has approved plans to close the British Steel Corporation's (BSC) cold strip mill at Gartcosh in Scotland. The move, due to be formally announced today, was seen last night as another threat to the future of the large integrated steelworks at nearby Ravenscraig, in Motherwell.

The closure of Gartcosh, with the loss of about 800 jobs, forms part of an overall plan aimed at putting BSC on a sound footing. EEC industry ministers have agreed that all major steel companies must demonstrate their ability to survive without further subsidy by the end of this year.

EEC industry ministers were meeting last night in an attempt to agree the partition between member states of a new 196,000-short ton ceiling on exports of 16 categories of steel products to the U.S., writes Ivo Dawnay in Brussels. Dividing the quota, agreed at the weekend in talks between Brussels and Washington, has been complicated by West German demands for a revision to an earlier quota agreement with the U.S. concerning pipes and tubes used by the oil industry.

Scottish political and trade union leaders, who learned of the decision on Gartcosh yesterday, quickly made clear their determination to fight it. Dr Jeremy Bray, the Labour MP for Motherwell, said: "It is essential for Ravenscraig that Gartcosh remains open."

Mr Clive Lewis, Scottish divisional organiser for the Iron and Steel Trades Confederation, said the decision "will be opposed by the entire Scottish workforce."

But Mr George Younger, the Government's Scottish Secretary, who has vigorously supported the campaign to save Ravenscraig for the past three years, was unusually subdued. He said: "Any decision on the future of Gartcosh is a matter entirely for the BSC."

The Gartcosh closure would seem to jeopardise the long-term future of the hot strip rolling mill at Ravenscraig. Gartcosh provides the final rolling and treatment of a large portion of the coils of wide steel strip rolled at Ravenscraig.

The finished strip is then used mainly for vehicle and domestic appliance body panels. Its closure means that all coils made at Ravenscraig will have to be shipped to other BSC sites for finishing.

This will put the Ravenscraig coils at a significant cost disadvantage to those made at BSC's other two strip mills at Llanwern and Port Talbot in South Wales which each have their own finishing mills on site. When demand for coil is weak, BSC will probably want to cut output at Ravenscraig first.

The outlook for the steelworks itself seems somewhat brighter. It has modern refining equipment that other works lack, and its output of slabs can be, and to some extent already is, directed to making high quality plate for offshore structures and pipelines rather than strip.

Its output will be particularly useful next year when steelmaking at the Teesside works in North-East England will be reduced while the big Redcar blast furnace is being rebuilt.

BSC would ultimately like to close one of its five integrated sites to reduce its overheads. Officials

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# Black & Decker set to launch small appliances in Europe

BY CHRISTOPHER PARKES IN LONDON

BLACK & DECKER's threatened invasion of the fragmented European small appliances market will start in October with the launch of a wide range of kitchen, personal care and heating products in Britain.

The timetable has yet to be fixed for further penetration in Europe, but France, Italy, West Germany and the Benelux countries are the prime targets, with the offensive starting some time next year.

The arrival of the U.S. power tools and garden equipment company will pit the might of one of the best known brand names in the world – and one of the most aggressive marketing strategies – against names such as Moulinex, Morphy Richards, Philips, Kenwood, Russell Hobbs, Swan, Braun and Krups.

Mr Roger Thomas, managing director of British operations, refused to reveal his sales targets, but he said, for example: "We would be happy to move into the number three slot in the market for irons in the short term." Last year Morphy Richards had a 27 per cent share of this business in the UK, followed by Rowenta with 21 per cent, Philips (10 per cent) and Sunbeam (9 per cent).

The Rowenta and Sunbeam brands are sold by Allegheny International, another U.S. company based just around the corner from Black & Decker on the outskirts of Baltimore.

Allegheny and Black & Decker are both developing aggressive global product marketing strategies, manufacturing products which match most countries' legal, safety and aesthetic demands.

Mr Thomas said that in the long term he expected the European market to be dominated by three to five major suppliers, including the two U.S. giants.

First products on sale in the UK will include irons, toasters, kettles, fan and convection space heaters, hair dryers, curling brushes, women's shavers, and a range of rechargeable cordless lighting appliances.

Black & Decker is basing its attack on the small appliances division of General Electric, which it bought in 1984 for $300m. While it is still in the process of rationalising the acquisition and transferring its own brand onto the GE range in the U.S., Black & Decker has moved swiftly to open up new markets. At the time of the takeover, the GE division was just about breaking even on annual sales of $470m.

# Pretoria hints at changes in apartheid policies

By Patti Waldmeir in London and Jim Jones in Johannesburg

SOUTH AFRICA'S state-controlled radio yesterday hinted that the Government, faced with the threat of economic sanctions from abroad, a national black miners' strike and increasing turmoil in black townships, would soon implement important changes in its apartheid policies.

The suggestions of further reforms in the offing came against a background of fresh violence in the black townships, including an incident in which police hurled tear-gas grenades into the home of Mrs Winnie Mandela, wife of imprisoned African National Congress (ANC) leader, Mr Nelson Mandela, and a leading anti-apartheid figure in her own right. Mrs Mandela was not at home at the time. About 30 people were arrested in the incident.

A potentially explosive confrontation between mourners and police during the funeral of a teenage girl in the township of Daveyton was later defused by Bishop Desmond Tutu, Bishop of Johannesburg, when he used his authority to mediate between the two sides.

There have been several other recent incidents in which Bishop Tutu has exercised his considerable personal prestige to prevent violent incidents which be opposes, including an instance last month when he physically intervened to stop a mob from burning to death a suspected police informer.

Under the current state of emergency, severe restrictions have been placed on funerals, which were one of the last remaining legal outlets for black political activity.

A commentary on the state-run radio yesterday morning gave rise to speculation that some of the apartheid measures which are the root causes of increasing violent opposition in South Africa might soon be changed.

The commentary said: "There is growing expectation in the country that important policy statements will be coming from Government ministers during the next few weeks." It referred to reform measures "in the pipeline" and said there were reasons why they should be made public now. Observers said the ruling National Party conference, due to take place in Durban on August 15, was a likely time for an announcement of further reforms.

Reforms which have been under consideration for some time include the following:

● Granting blacks the right to own freehold property in cities and helping them to buy homes;

Continued on Page 12

# BankAmerica cuts dividend nearly in half

BY WILLIAM HALL IN NEW YORK

BANKAMERICA Corporation, the second biggest banking group in the U.S., has cut its quarterly dividend nearly in half in a firm signal to the world's financial markets that it intends to get to grips with its deep-seated problems.

After a long board meeting on Monday, the San Francisco-based banking group, which recently reported an unexpected $338m second-quarter loss, announced that it was reducing its quarterly dividend by 18 cents a share to 20 cents a share. The dividend was last standing at this level in early 1977.

Mr Sam Armacost, BankAmerica's chief executive, said that the action which was recommended by management and approved by the board, "strikes a responsible balance between the corporation's ability to fund growth out of retained earnings and its desire to provide shareholders with a reasonable dividend."

Mr Armacost noted that the reduced dividend "reflects the reality that key parts of the economy, which have major impact on the corporation's loan portfolio, remain under considerable stress and are responding unevenly to the improvement in general economic conditions."

BankAmerica is one of the most widely held stocks in the U.S. and Mr Armacost said that the dividend cut was "a very hard decision for us." He said, however, that the action "clearly was in the best interests of the corporation, and by extension, shareholder values."

It is very rare for a leading U.S. bank to cut its dividend. The move reflects the seriousness of the financial problems facing BankAmerica, which has been hit by heavy losses in its loan portfolio. The only other U.S. banks to cut their dividends recently are Continental Illinois, which was effectively nationalised, Crocker National, and InterFirst.

In most cases the decision to cut the dividend has been followed by top management changes and Wall Street analysts believe that the latest action by BankAmerica, whose earnings have slumped over the last four years, will re-focus attention on the future role of Mr Armacost, the 46-year-old chief executive, who has been running the group since April 1981.

In heavy trading early yesterday BankAmerica shares fell by $1⅛ to $15⅜ and shares of other bank

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Lex, Page 12; Wall Street reaction, Page 30

# Italians eye second Soviet plant contract

BY ALAN FRIEDMAN IN MILAN

ITALIMPIANTI, the Italian state engineering company which last weekend was awarded a $970m contract to construct a steel tube plant in the Soviet Union, is in an advanced stage of negotiations with Moscow for a second contract of similar size.

The Genoa-based company, which is part of the IRI-Finsider state holding group, declined to comment yesterday, but it is understood that the Italians have high hopes of winning a second steel tube turnkey contract.

It also emerged yesterday that Italimpianti, together with Clesim, a French company, is also talking to Moscow about prospects for building a third steel plant, which would produce semi-finished steel products and be located near the Soviet city of Orel.

The deal agreed last weekend calls for the construction over three years of a steel works and adjoining tube works. The steel works will have annual productive capacity of 1m tonnes, while the tube factory is set to produce 720,000 tonnes a year.

The potential second steel complex would be built close to the first at Volzhskiy, near the Soviet city of Volgograd. It appears that the second plant would be designed to produce steel tubing with a smaller diameter than the 10 inch tubes to be produced at Volzhskiy.

If Italimpianti is successful in winning the second order, the deal could be announced as soon as September, when the Volzhskiy contract is to be formally signed.

A second order for close to $1bn would mean that the two contracts taken together would amount to roughly the size of Italy's 1984 L4,300bn ($2.3bn) trade deficit with Moscow. Italy has for several months been complaining to Moscow about the size of the bilateral trade imbalance.

CONTENTS




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# EUROPEAN NEWS

## Soviet media scorn Reagan's response to nuclear test ban

BY OUR MOSCOW CORRESPONDENT

THE SOVIET media yesterday poured cold water on President Ronald Reagan's tentative offer to join Moscow's nuclear weapon test ban once the U.S. has completed its own experimental explosions.

The Kremlin freeze—announced last week by Mr Mikhail Gorbachev, the Soviet leader, and heralded as a significant initiative—took effect yesterday on the 40th anniversary of the dropping of the atomic bomb on Hiroshima.

Pravda, the Communist party daily newspaper, branded that event as militarily unnecessary and an act of blackmail against the Soviet Union, then a wartime ally. The bombing was Washington's first move towards the cold war with Moscow, it said.

Mr Reagan said on Monday that the U.S. would join the Soviet Union in a permanent ban once it was on equal terms. He did not say when that might be, but implied it was not imminent.

Radio Moscow and Tass news agency played on the confusion which surrounded these comments. The President was "reported to have made some hazy remarks," the radio station said. Tass stressed that he had given no "concrete answer" when asked when U.S. underground tests would stop.

A more weighty Kremlin response could follow once Soviet officials have examined Mr Reagan's words.

Tass also noted in its report from Washington that Mr Reagan also reaffirmed what it said were U.S. intentions to interfere in the internal affairs of other nations by expressing satisfaction that Congress had agreed to aid Afghan rebels fighting the pro-Soviet Kabul government.

## Health warnings issued on Austrian fruit juice

BY PATRICK BLUM IN VIENNA

THE health authorities of Canada, Japan and Hong Kong have issued warnings against Austrian fruit juice following the discovery last week that two brands of grape juice had been doctored with diethylene glycol, a chemical used in antifreeze which can cause brain and kidney damage. In Hong Kong, Austrian juice is to be withdrawn from shops pending tests.

Dr Hermann Gruber, of the Austrian fruit juice producers' association, said yesterday that the two companies implicated were primarily wine producers which had already come under investigation in connection with the doctoring of wines. Neither is a member of the association which is carrying out its own tests on members' products.

Extensive nationwide searches by the Health Ministry have uncovered no other instances of doctored juice, but fears about the possible contamination of fruit juice is already having a serious effect on Austrian sales of soft drinks which were worth nearly Sch 1bn (£37m) last year.

Austrian producers are worried that the scandal will encourage protectionist measures in the international market which already suffers from over-production. Austria ranks among the world's top three producers of fruit juice, along with West Germany and Italy.

The continuing search for contaminated wines and juices is creating an additional problem as laboratories are rapidly becoming overloaded with work. So far, the wines blacklist has grown to over 360. More than 10m litres of wines have been impounded and wine exports have been effectively stopped.

By yesterday, 36 people had been arrested. Two dealers who confessed to malpractices have been released pending legal hearings. All the others are being held pending investigations for suspected fraud and endangering public health.

## Growth of N-power forecast to slow

By David Fishlock, Science Editor

TWO COUNTRIES, France and Belgium, obtained more than 50 per cent of their electricity from nuclear reactors last year, and a total of 10 countries obtained more than 20 per cent, according to the International Atomic Energy Agency in Vienna.

Another 34 nuclear plants came into operation last year, with a combined generating capacity of nearly 32,000 Mw. They included six plants in the U.S., and six more in France, increasing the world's nuclear generating capacity by 17 per cent, to a total of 220,000 Mw.

Worldwide, nuclear power accounted for 13 per cent of electricity generation last year, the agency reports.

But work was begun on only 14 new nuclear plants, the lowest number to start construction since 1965. Ten plants were cancelled, all in the U.S., and nine more were suspended indefinitely, five in Spain and four in the U.S.

The agency has revised its estimate of world nuclear generating capacity by 1990, to about 368,000 Mw compared with 430,000 Mw forecast two years ago.

Although the reasons for the shortfall vary from country to country, the main ones reported are excess generating capacity, low growth rates for electricity demand, and financial difficulties.

The agency warns that the trend will probably not change much during the 1990s and could have serious consequences for the nuclear industry of some countries.

Problems in financing plants are still the main problem for the developing countries, where no new nuclear plant was brought into service and only one was started last year.

At the end of 1984, the U.S. had 85 nuclear plants producing electricity, compared with 46 in the Soviet Union, 41 in France, 37 in Britain and 31 in Japan. A total of 25 nations are operating nuclear power plants.

Annual Report 1984. International Atomic Energy Agency, Vienna.

## Consumption of oil down 3.5% in industrial world, says IEA

BY RICHARD JOHNS

OIL CONSUMPTION in the industrialised world is estimated to have fallen by about 3.5 per cent in the second quarter of 1985 compared with the same period of last year, according to the International Energy Agency.

In its latest monthly market report the IEA attribute the decline mainly to lower demand for fuel oil among members of the Organisation for Economic Co-operation and Development, particularly West Europe and Japan.

One important factor was the end of the UK miners' strike in February. The stoppage had boosted demand for fuel oil by an average of about 300,000 barrels a day in the second quarter of 1984. The volume accounted for by it had risen to about 500,000 b/d by the end of the year.

In the U.S. and Canada, the decrease in fuel oil consumption was 1.6 per cent. "A slower pace of industrial production appeared to be the main reason," says the IEA report.

In the Pacific region, including Japan, the decline was 5.7 per cent. Both there and in West Europe, where the drop is estimated at 5.7 per cent, the substitution of other fuels is reckoned to have been the main cause.

As supplies from other producing countries continued to rise, members of the Organisation of Petroleum Exporting Countries bore the brunt of lower overall demand in the OECD which accounts for almost exactly three-quarters of worldwide consumption.

Net exports from the Communist world, over half of them accounted for by the Soviet Union, recovered to 1.5m b/d in the second quarter compared with an unusually low 900,000 b/d first quarter average.

Opec crude oil output for the April-June period is calculated by the IEA to have been 15m b/d. This compares with the Organisation's ceiling of 16m b/d on collective output; Saudi Arabia averaged only 2.5m b/d. In June and July the rate fell to about 14m b/d, the IEA calculates.

The rate at which company inventories were run down slowed in the second quarter, compared with the January-March period. The IEA confirms an earlier estimate of a 2.1m b/d stock drawdown in the first quarter. In the second quarter a stockbuild of 200,000 b/d and 700,000 b/d in April and May respectively was offset by 1.8m b/d reduction in June, giving an overall average rundown of 300,000 b/d, according to preliminary data.

For the future Opec can derive no comfort from the IEA's supply and demand projections.

Demand for Opec oil during the current quarter, in the absence of any stock movements, looks as though it will be no more than 14.8m b/d, according to the IEA's statistics.

## Poland's draft economic plans draw criticism

BY LESLIE COLITT IN WARSAW

ECONOMIC INTEREST groups in Poland are voicing their opposition to the Government's draft of the 1986-90 five-year plan.

The planning commission has offered three "variants" of the document for "public consultations." They range from faster growth and lower individual consumption, to slower growth and the posibility of a more rapid improvement in the standard of living.

Mr Manfred Gorywoda, the commission's chairman, recently proposed that a second compromise variant of the plan be adopted. He was supported by General Wojciech Jaruzelski, the Polish party leader, in a speech late last week to the central committee of Poland's Communist party. However, the Foreign Trade Ministry, as well as the association of economists and the official trade union have expressed reservations about the compromise.

Mr Adam Martowski, a director in the Ministry of Foreign Trade, said the ministry was "not satisfied" with the draft plan, considering the target of a 6-7 per cent increase in annual exports over the next five years as too low. A yearly increase of "up to 10 per cent" should be the goal.

All variants of the plan in fact stipulate a 9 per cent yearly growth in exports to the West but give the lower target figure for overall exports, which include the 51 per cent of Poland's exports which go to Comecon.

Mr Martowski said his ministry also wanted more than the 4 per cent compromise target for annual growth of industrial production up to 1990. Otherwise, higher exports would be at the cost of the population.

The official union, which succeeded the banned Solidarity movement, has likewise come out against the second version of the plan because it does not think it provides enough investment to overcome the critical housing shortage.

## Italy removes three top police officials

By Alan Friedman in Milan

ITALY'S Interior Minister, Sig Oscar Luigi Scalfaro, yesterday removed three top anti-Mafia police officials in Sicily as controversy deepened over the Mafia suspect who was found dead last Friday inside his maximum security cell at Palermo police headquarters.

The 25-year old suspect, Sig Salvatore Marino, was being held for questioning about the Mafia killing 10 days ago of Sig Giuseppe Montana, a leading anti-Mafia police commissioner, who was gunned down as he left a yacht in Palermo.

Sig Scalfaro pledged to "find out the truth at any price" and ordered the immediate transfer of a police chief in Palermo, the head of an anti-kidnapping unit and a commander of the local carabinieri unit.

Meanwhile, in an escalation of Mafia violence yesterday, the deputy police chief, Sig Antonio Cassara, who would have succeeded the chief removed, was gunned down in an ambush.

Prime Minister Bettino Craxi, upon learning of the Palermo ambush which killed both Sig Cassara and another police official, immediately convened an emergency meeting of the nation's top law enforcement officials.

The Sig Marino's family has charged that he was murdered. They also said that hours after the body had been found a police official told them he had been released and was on his way home.

The controversy has been fuelled by an inconclusive autopsy; rumours that Sig Marino might have been poisoned and a statement by one police official last weekend that "perhaps Sig Marino hit his head on a table."

In broader terms the case of a key suspect found dead inside Palermo police headquarters is being seen as evidence that despite recent progress against the Mafia the organisation is still as potent as ever.

The case recalls the true life event which inspired the successful London production of Dario Fo's "Accidental Death of an Anarchist," in which a suspect being held at Milan's police headquarters more than a decade ago was said to have accidentally fallen from a window.

### Kevin Done in Stockholm examines the build-up to the general election

## Holiday start for Sweden's poll campaign

SWEDEN WAKES from its summer slumbers earlier than the rest of Europe. Half a million Swedes went back to work at the end of July but the politicians seem reluctant to put the holidays behind them. With the general election only six weeks away, they are still trawling the summer resorts for votes.

Mr Olof Palme, the Prime Minister, chose to cycle to the venue of the first speech of his campaign, his notes flapping in the breeze on his bicycle rack.

Mr Ulf Adelsohn, leader of the Conservatives and would-be premier, put the finishing touches on his opening address to the party faithful while perched on the end of a jetty in a west coast sailing resort. Mr Kjell-Olof Feldt, the Finance Minister, delivered a defence of Swedish economic policy from behind the kitchen table of his country cottage in the forests north of Stockholm.

Despite the looming election, the Swedish summer has maintained its well-ordered sense of ritual.

A week after midsummer the cities empty, Swedes disappear to their islands, their sailing boats and their summer cottages: newspapers, if they do not cease publication altogether, are re-addressed to summer residences. The armed forces seem to go on half time, offices close early and the six o'clock news on television disappears.

Political life re-appears first on the Baltic summer island of Gotland, where the country's leaders gather at this time every year—to give a run-down on the state of the nation. This year Gotland also marks the start of the 1985 campaign trail.

The Social Democrats, the traditional rulers of Sweden for more than 50 years, are trying to consolidate the hold on power they regained in the 1982 election after suffering the unaccustomed indignity of six years on the opposition benches.

At the last election, they ended up with a slender majority of three seats over the "bourgeois bloc"—the centre-right opposition consisting of the Conservative, Liberal and Centre Parties—but dependent on the 20-strong Communists for an overall majority in the Riksdag, the Swedish Parliament.

For much of the time since the 1982 poll, the Socialist bloc (the Social Democrats and the Communists) seemed to have lost touch with the voters and lagged well behind in a string of opinion polls. The Opposition Conservative parties, particularly the Conservatives whose star has been rising steadily, began to talk of a *högervind*, a rightist wind of change sweeping through Swedish politics.

Since the spring, however, some of the jauntiness has gone from the opposition's step, as the three parties have found it harder and harder to paper over the cracks between them.

During their virtual monopoly on political power for 44 years from the 1930s, the Social Democrats shaped the modern Sweden and built the most comprehensive system of social welfare the world has yet seen. During their six years in power from 1976 to 1982 the three non-Socialist parties seemed for the most part too much in awe of the Social Democrats' "Swedish model" to dare to more than tamper with it at the margin.

The "system" was not built without cost, however. Today Sweden has the biggest public sector in the West, with the share of public expenditure rising to more than 65 per cent of gross national product (GNP) in 1984, compared with the 30-50 per cent of most other industrial countries.

Successive Governments to finance such a development have built up a mountain of public debt, so that interest payments are now the largest single item in the state budget after the Social Services Department. Swedes also carry the heaviest tax burden in the West at about 50 per cent of GNP compared with an average of some 37 per cent in the OECD.

Undoubtedly, Swedes would like lower taxes, and cuts in marginal taxes are one of the carrots on offer from the Opposition. But they also like their social welfare. The 1985 election seems to be developing into a question of which they would like best.

Mr Palme, Social Democratic leader since 1969 and the country's most skilled political orator, has warned against changing the established order and called on voters to "stand up for the Swedish model."

The Social Democrats claim that they have found a "Third Way" to solve the country's economic problems, which avoids the pain of the deep cuts in the social security net inflicted by Conservative regimes elsewhere.

Sweden's Conservatives have tried to turn the debate on social welfare into a debate on personal freedom and the meaning of democracy.

Mr Adelsohn, the Conservative leader, regards freedom as being able to choose your own doctor or dentist, and select a type of schooling for your children—free from the dictates of the state. The labour movement is a "brotherhood of privileges" and subsidies channelled through the state, he claims.

Not for nothing, however, are the Swedish Conservatives called *Moderaterna*, the Moderates.

The Conservatives also have to be careful not to leave too wide a gap between themselves and the centrist opposition parties, the Liberal and Centre Parties, on which they are dependent for forming a majority non-Socialist Government.

**The general election is only five weeks away, but Swedish politicians are still revelling in a holiday atmosphere. This belies the need to woo an unusually high proportion of voters who, according to recent polls, are still undecided.**

The rising fortunes of the Conservative Party are squeezing its potential partners. They are now clearly the largest opposition party, their share of the vote has jumped from 11.5 per cent in 1970 to 23.6 per cent in 1982 and subsequent opinion polls have placed their share as high as 30 per cent. They have also a strong appeal to young and first-time voters.

The Liberal and Centre Parties are distancing themselves from the Conservatives to maintain their own profiles, insisting at the same time that they are the only answer for stopping the slide to an ever sharper polarisation in Swedish politics.

The Centre Party has pulled a rabbit out of the hat in advance of the election by forming a "technical electoral alliance" with the tiny centrist Christian Democratic Alliance (KDS), a party strong on moral issues such as tighter abortion laws and a rationing of alcohol.

A party must win at least 4 per cent of the popular vote before it can enter the Swedish Parliament. The KDS polled only close to 2 per cent in recent elections, so its votes have been lost to the non-Socialist camp. Given that the two blocs are almost equally balanced, the Centre Party calculated that the KDS vote could just tip the scales and for the election it has formed a joint ticket called simply "The Centre."

The manoeuvre has drawn bitter criticism from Mr Palme, but the Social Democrats have been powerless to stop it. Ironically it does not appear to have done much to help the Centre Party's cause. The latest polls show The Centre languishing with 11.5 per cent compared with 15.5 per cent for the Centre Party alone in 1982 and a peak of 25.1 per cent in 1973.

Shifting opinion is being reflected instead within each bloc with the increasing influence of the Conservatives on the right, and on the left the growing need of the Social Democrats to seek parliamentary alliances on certain issues with the Communists.

While they differ slightly on the figures, recent polls do show consistently that there is, for Sweden, an unusually high proportion of voters who are still undecided. As Swedes return from holiday it is this key group that is now being most consistently wooed with alternative visions of "freedom" or continued "security."

## Netherlands receives extradition request

THE HAGUE – the Turkish Government is seeking extradition of a Turk held in the Netherlands for violation of Dutch firearms regulations, a Justice Ministry official said.

In the extradition request, which reached Dutch justice authorities last month, the Turkish Government claimed Mr Semet Aslan, a Turkish national, was involved in a number of homicides in Turkey.

In addition, Mr Aslan is scheduled to be questioned this week by the Italian prosecutor in the ongoing trial against four Turks and three Bulgarians charged with complicity in the 1981 assassination attempt against Pope John Paul II.

Under Dutch procedure a court has to decide whether the extradition request is justified. A court in the southern Dutch city of Roermond, where Mr Aslan was tried six weeks ago, is to hear the case on Wednesday.

Mr Aslan, 24, was arrested in Venlo on the Dutch-West German border May 14, the last full day of the Papal visit to the Netherlands, after he was found to be in possession of a 9mm Browning pistol.

After his arrest a source in the Dutch Justice Ministry said Aslan's gun was one of a lot of 21 Browning pistols from which came the gun used by Mr Mehmet Ali Agca to shoot the Pope in 1981.

But at Mr Aslan's June trial, the prosecution said there was no evidence both pistols came from the same lot. AP

## Freak waves hit French Mediterranean

MARSEILLES – Naval helicopters plucked terrified campers from flooded beaches early yesterday after two freak waves hit France's Mediterranean coast.

One 19-year-old was swept to her death, and hundreds of holidaymakers were forced to abandon cars, tents and caravans submerged on the coast of the Camargue, a favourite spot for campers who prefer to avoid organised sites.

The giant waves more than two metres tall swept across 10 kilometres of dunes between Les Saintes Maries de la Mer and the mouth of the river Rhône.

The first, just before midnight, was followed by a second an hour later. Reuter

## Turkish Cyprus set to reply on UN proposal

NICOSIA – Turkish Cyprus will reply to recent U.N. proposals for a Cyprus settlement by the end of this month, a senior official of the breakaway northern region said yesterday.

Mr Dervis Eroglu, Prime Minister of the self-proclaimed Republic of Northern Cyprus, said Turkish Cypriot leader Mr Rauf Denktash would take up the issue with the cabinet when he returned from holiday next weekend.

Mr Denktash was elected president of the breakaway state, which is recognised only by Turkey, in June.

He has previously called the proposals from Sr Javier Perez de Cuellar, U.N. Secretary-General, one-sided.

Mr Eroglu told the North Cyprus news agency: "Obviously Turkish Cypriot views must also be included in the new de Cuellar paper. Our reply will be ready and submitted by our president to the secretary-general before the end of August."

He said his government was committed to seeking wider recognition for the breakaway state in tourism, trade, industry and culture.

"But if the Greek side maintains its intransigent attitude and does not approach a compromise we will seek (wider) political recognition," he said. Reuter

## Spain faces threat of bank strike

By David White in Madrid

THE THREAT of a bank strike looms next month in Spain as an indirect consequence of the Socialist Government's controversial state pension reform.

The powerful bank employees' branch of the Socialist-orientated UGT union federation is contemplating industrial action in response to a move by the Spanish Private Banking Association (AEB) denouncing its current agreement on supplementary pensions.

The AEB has told unions it wants to negotiate a new agreement in September because of extra costs to the banks resulting from the pension law, which parliament approved last month. Its stance is in line with a call by the CEOE employers' body for members to denounce their pension agreements.

The new state system implies lower social security pensions for workers now coming up to retirement, and therefore a bigger contribution from employers. The UGT is firmly opposed to any renegotiation of acquired rights.

The clash is the latest stage of what unionists claim to be a politically motivated campaign by employers' representatives. It comes in the midst of a row over the economic and social agreement which the CEOE, the UGT and the Government signed last October. The employers have accused the Government of failing to meet its commitments.

# OVERSEAS NEWS

## Lebanon leaders try to break Maronite hold on power

BY NORA BOUSTANY IN CHTOURA

AMIDST confusion and uncertainty, Lebanese left-wing, Moslem and a handful of minor Christian leaders met yesterday under the auspices of Syria to finalise demands for far-reaching reform of the country's political system including the abolition of its sectarian basis.

As planned, the "National Unity Front" was formally established uniting the left-wing parties grouped together with the mainly Druze-Moslem Progressive Socialist Party, together with its left-wing allies, and the mainstream Shi'ite Moslem movement Amal. It is dedicated to wresting at least equal power from the Maronite Christians who have been given precedence under Lebanon's archaic system of representation, which ensures them the presidency, based on apportioning power according to religious sects.

There were only one or two Maronite Christians present at the deliberations in the town of Chtowa. The absence of one from the sect of any authority does not augur well for the process of political reform in which, inevitably, the major Christian sect would have to offer major concessions.

Mr Sueiman Franjieh, a former President, who recently held talks in Damascus with Mr Nabi Berri, the leader of Amal, and Mr Walid Jumblatt, the Druze chieftain who leads the PSP, stayed away. His recent reconciliation with Mr Elie Hobeika, radical leader of the Christian Lebanese Forces, raised speculation about decisive Syrian moves to unseat President Amin Gemayel who is anathema to Amal and the PSP.

As it is, inflammatory statements by Mr Jumblatt, the encounter between Mr Franjieh and Mr Hobeika and the delivery last week of Soviet-made T-54 tanks to Amal have contributed to the pressure on the Lebanese pound which fell in the past two days from 15.50 to 17.70 to the dollar with particularly hectic trading reported yesterday.

Although he shares the Shi'ite and Druze hostility to Mr Gemayel, Mr Franjieh apparently cannot accept their proposals for reducing power granted by constitutional convention to the Maronites.

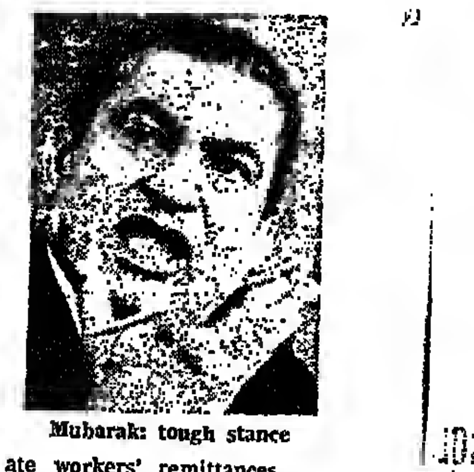
Until his group's bloody involvement in the conflict with Palestinian guerrillas in the refugee camps near Beirut earlier this summer, Amal was only an arms-length ally of the Syrians. Its overt participation in the fighting and acceptance of the T-54 tanks have now shattered Mr Berri's image as a pure Lebanese leader and will undoubtedly curb his freedom in the future.

### MOSLEM FUNDAMENTALISTS

## Mubarak faces the growing challenge

BY TONY WALKER IN CAIRO

THE STRUGGLE between the Egyptian Government and Moslem fundamentalists rumbles on with the arrest last week of a prominent cleric. But it appears the authorities have, for the time being, neutralised Islamic agitation.



Mubarak: tough stance

The arrest of Sheikh Omar Abdel Rahman, a militant near-blind cleric, brought to about 45 the number of those taken into custody since the middle of July when fundamentalists demands for the application of Islamic law (Sharia) in Egypt became difficult for the Government to ignore.

President Hosni Mubarak, in a series of uncharacteristically tough public statements, warned fundamentalists, led by Sheik Hafez Salama, that the Government would not tolerate extremist agitation that threatened social stability.

Sheikh Salama and a number of his followers were arrested soon after in Cairo, Alexandria and Fayoum. No charges have been made public, although officials say privately that some of those in custody are accused of rebuilding the proscribed Jihad (Holy War) organisation involved in the assassination of the late President Anwar Sadat in 1981.

President Mubarak appears to have gained credit for his stand against pressures that threaten a return to the chaos of the last months of the Sadat era.

While Islamic religious feeling may be strengthening in the community, judging by the drift towards conservative dress for women, there seems no appetite for mass disruptive action to impose Islamic principles.

The Islamic establishment, for its part, has shunned Sheikh Salama's movement, and there are signs it is embarrassed by it. The Moslem brotherhood, which found itself at odds with Presidents Nasser and Sadat, has not endorsed the militants.

The country's 6m Coptic Christians occupy significant positions in commerce, industry and the professions. They have been alarmed by Sheikh Salama's crusade.

The debate over Sharia, the challenge by extremists to the Mubarak regime and the subsequent arrests have tinged the investment climate with uncertainty at a time when Egypt can ill afford it.

The fundamentalist challenge has come at an awkward moment for the Government which faces problems on the economic front, notably a worsening balance of payments, mounting foreign debt and a dip in its principal sources of hard currency, oil and expatriate workers' remittances.

The danger for the Government is that the economic squeeze will lessen its ability to maintain living standards thereby encouraging disaffected elements who will gravitate towards Sheikh Salama's movement.

One of the 70-year-old Sheikh's main arguments for the establishment of a purely Islamic state with bans on alcohol and usury and a rejection of secular law, is that Egyptian society in its present form has failed to better the lot of the people.

The problem, as many Egyptians see it, is that the Government has moved sluggishly to confront its difficulties and, with some justification, they question the administration's competence in the economic sphere.

A crisis earlier this year over the availability of foreign exchange because of a bumbling performance by the former Minister of the Economy together with fundamentalist challenge appears to have jolted President Mubarak into a more assertive role. This generally has been welcomed.

The arrest of Sheikh Salama and Sheikh Abdel Rahman and their followers has raised questions about implications for Egypt's democratic experiment. There are those who argue that, President Mubarak's application of force is inappropriate.

Whatever the short-term results of these arrests, it seems unlikely the fundamentalist trend will dissipate. The question will remain, whether President Mubarak's carrot (relative freedom of the press and political association) and stick (arrest of militant) approach affords the Government the breathing space it needs to carry through its economic programme and maintain social stability.

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# Uganda's efforts to form caretaker Cabinet run into trouble

BY MARY ANNE FITZGERALD IN KAMPALA

MORE THAN two weeks after the military coup in Uganda which ousted President Milton Obote, the process of forming a broad-based caretaker government to run the country is in trouble.

There are doubts that Mr Paolo Muwanga, the Vice-President under Dr Obote and now the Prime Minister, will be able to achieve reconciliation between the various players now jostling for a foothold in the interim government.

He is widely blamed for sanctioning, if not actually furthering, the sometimes brutal harassment of the opposition which took place under Dr Obote, as well as for rigging the 1980 election which brought Dr Obote to power for the second time.

As Minister of Defence under the ousted regime, Mr Muwanga's reputation was also tainted by the atrocities committed against the civilian population by the Ugandan army, especially in the so-called Luwero triangle area where many thousands of people are believed to have died.

Mr Muwanga has had only minor successes so far in rallying support for the proposed caretaker cabinet from among the country's four opposition parties and various guerrilla groups.

The most powerful guerrilla movement, the National Resistance Army (NRA) is proving intransigent, with the NRA leader Mr Yoweri Museveni making what many view as impossible demands.

Mr Museveni has demanded that Gen Tito Okello, the head of state, replace half of the members of the ruling military council with Mr Museveni's own men. Gen Okello is most unlikely to concede this.

Yet without Mr Museveni, who commands a large guerrilla army controlling parts of the central and western provinces, prospects for future stability of the regime are grim.

The most important politician to have opposed Dr Obote, Mr Peul Ssemogerere, leader of the Democratic Party (DP), has agreed to serve in the caretaker cabinet as Interior Minister,

According to e DP spokesman, the party had objected to the eppointment of Mr Muwanga, widely regarded as having masterminded the letest coup, as Prime Minister. "Disappointed is the word we used. We made it clear we wanted e neutral man."

These kaleidoscopic shifts of alliances and supremacy, at least partially rooted in deep-seated tribalism, perpetuate Uganda's high-profile reputation for lawlessness.

Dr Obote is, for the second time, in exile; but the majority of players, familiar from the political arena since 1962, are still in evidence. The question is whether they can put their rivalry aside to form a coalition government that will address the pressing need to revitalise an economy battered by years of neglect under Idi Amin.

Coffee represents 90 per cent of export earnings, but estates must be rehabilitated to generate foreign exchange. Infrastructure must be spruced up. Prior to the coup, the World Bank was backing e project to expand electricity production et the Owen Falls dsm on the Nile, and e contract had been awarded to repeve 1,400 miles of badly potholed roads.

Meanwhile, the politically astute Mr Muwanga continues his efforts to piece together e Government, urging guerrilla groups, primarily the NRA, to participate. But the military council, aod Mr Muwanga, have yet to hold roundtable discussions with ell parties involved, although Gen Okello has proposed e meeting next Monday with the main guerrilla groups.

Mr Robert Kitarika, secretary general of the DP, said yesterday the cabinet should be announced "this week." The 28-member cabinet would be composed mainly of members of the DP and Dr Obote's former party, the Uganda Peoples Congress (UPC), with a few seats for the smaller parties. Four seats have been reserved for members of the guerrilla movements.

Already, many Ugandans are privately questioning whether Mr Muwanga, whose grassroots mandate to rule is considered dubious, will be willing to allow his leadership to be tested at the polls in a yeer's time, as promised by Gen Okello soon after the June 27 coup.

In 1980, Mr Muwanga did not consider he had sufficient support to stand for election in his constituency, and be entered the Obote cabinet as e nominated MP.

It is also not certain whether the ethnie squabbles that divided the 20,000-odd army can be dampened. Lack of discipline has been such that under Dr Obote many brigade leaders operated as independent robber barons. It is left to Gen Okello, a seasoned but somewhat inept soldier, to close the ranks.

He is also faced with the prospect of integrating several thousand guerillas among troops who have been waging a bloody war against them. Uganda's troubles may be far from over.

Mnwanga: limited success in rallying support

# Zimbabwe police hold 30 Zapu members

By Michael Holman in Harare

OVER 30 members of the Zimbabwe's opposition Zapu party, including an MP, have been beld for questioning following searches of the Harare and Bulewayo homes of the party leader, Mr Josbua Nkomo, police said yesterday.

Tha action, which follows repeated threats to ban the party, has prompted speculation that the Government may be gethering material for e court case which would attempt to substantiale ellegetions thet Zapu is behind armed anti-Government dissidents operating in Matabeleland, Mr Nkomo's strongbold.

Among those arrested is Mr Sydney Malunga, the Zapu MP for Bulewayo's Mpopoma Constituency.

Mr Henry Mukurazhizha, acting Police Commissioner, was reported yesterday as saying that 31 people, including 14 women, had been arrested during the raids; Party documents and other material were confiscated. In the preceding week police had seized weapons belonging to Mr Nkomo's bodyguards in the course of searches of the Zapu leader's homes.

Mr Robert Mugabe, the Prime Minister, bitterly denounced Zapu after his overwhelming victory in last month'a general election.

# IMF set to extend grace period on Sudanese debt

BY JOHN MURRAY BROWN IN KHARTOUM

SUDAN seems likely to join Vietnam in the annals of the International Monetary Fund history tomorrow when the IMF board meets to consider its debt arrears. The most likely outcome is that the fund will extend the period of grace for repayment of Sudan's $140m (£101m) arrears on its debt for a third time. Only Vietnam has previously received such treatment.

Sudan's principal donors, the U.S. and Saudi Arabia, are reluctant to release funds to settle the arrears of the country's $9bn debt. At a recent gathering of Arab League finance ministers in Khartoum no agreement was reached on a joint League programme to resolve the problem. The Sandis and Kuwaitis were said to be concerned over Sudan's recent rapprochment with Libya, and although the U.S. has said it is willing to give $50m towards settling the arrears, it is now also acting more cautiously.

The Libyan rapprochement has also caused rifts within the Sudanese Government, as have the Government's new accords with Egypt, which have been widely criticised.

The critics have added to the pressure on Mr Abvdel Magied, the Finance Minister, who offered his resignation 10 daya ago following increased trade union criticism of his policies. Tha union's demands, which were supported by Dr Gizouli Dafalla, Prime Minister, were in part appeased by the decision to demote Mr Mahdi el Fakki, the Governor of the central bank, who was replaced by Mr Ismeel Misbahg, an ex-under secretary at the Ministry of Finance and a World Bank director.

In a move towards fulfilling one of the policies of the IMF programme the Finance Minister this week sent a circular to commercial banks giving permission to set a free exchange rate. So far the banks appear reluctant to respond—the black market rate is 15 per cent higher than the commercial bank rate.

Floeting the exchange rate could encourage a rise in remittances from Sudanese working ebroad.

# Palestinian issue tops agenda at Arab League summit

BY TONY WALKER IN CASABLANCA

AN ARAB LEAGUE summit opens in Casablanca today with King Hussein of Jordan and Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, seeking backing for their peace plan to settle the Middle East conflict.

The Palestinian question has dominated discussions in preparation for the summit whose status has been reduced because of a boycott by militants led by Syria. About half of the some 16 countries attendings are not being represented by their heads of state. King Fahd of Saudi Arabia is being represented by the heir apparent Crown Prince Abdullah.

Syria has warned that the holding of the Arab League summit, the first since the Fez meeting in September, 1982, will further exacerbate tensions in the Arab world.

Damascus is bitterly opposed to the Hussein-Arafat accord on February 11 which proposes the formation of a Palestinian state in the West Bank in confederation with Jordan as a means of settling the Arab-Israeli dispute. Syria has described the plan as "capitulationist."

King Hussein and Mr Arafat have been behind moves to hold this summit apparently in the hope that it will give further impetus to their attempts to revive the stalled peace process.

Senior officials of countries attending the summit met on Monday to settle an agenda. It is not clear what direction discussion will take, but King Hassan of Morocco suggested, when summoning Arab heads of state to the meeting, they should address themselves to issues dividing the Arab world, most particularly the Palestinian question.

King Hussein and Mr Arafat have been lobbying Arab leaders in an attempt to gain support for their peace efforts. The Casablanca summit will provide a further useful forum for those efforts.

The two leaders are seeking maximum endorsement initially for an exploratory dialogue between a joint Jordanian-Palestinian delegation and U.S. officials in preparation for negotiations with Israel. These would be aimed at the recovery of occupied territory and Palestinian self-determination within the context of a Jordanian-Palestinian confederation.

The U.S. has accepted the idea of a dialogue and is likely to approve some of the names on a list of Palestinian representatives, though not necessarily those with overt PLO connections, submitted by Jordan. It rejects, however, the idea of eventual negotiations taking place in the context of an international conference involving the Soviet Union—which, anyway, is opposed to the initiative in solidarity with Syria.

# Japan agonises over defence spending

BY JUREK MARTIN IN TOKYO

JAPAN IS again in the throes of a summer drama, possibly this time its final act, over whether or not defence spending should exceed 1 per cent of gross national product.

Although the arguments and even numbers remain much as they have been for years, the tension has clearly been heightened by the two 40th anniversaries—of the atomic bombing of Hiroshima, which was commemorated yesterday, and of Japan's surrender in the last war, which falls due on Thursday next week.

In practical terms, the critical factors are two policy decisions the Government must take within the next few weeks; over a general pay increase for the civil service, including the military, and over the content of its 1986-1990 medium-term defence plan. Either or both of these should result in a breach of the 1 per cent ceiling laid down by the Miki Government in 1976.

Matters could even be taken out of the Government's direct hands if the national economy continues to perform disappointingly. Real growth, closely following that of the U.S., seems to have slipped back to 4 per cent a year at best, well under earlier official and private forecasts. This year's budget, which assumes higher growth, puts defence outlays at 0.997 per cent of GNP.

In Hiroshima yesterday, Mr Yasuhiro Nakasone, the Prime Minister, ducked controversy by insisting that "nothing has been decided" on the defence plan and the 1 per cent ceiling. His belief that the limit unnecessarily restricts Japanese defence capability is, however, well known; he has urged introduction of a more flexible formula.

Other Japanese elder statesmen, including several former Prime Ministers, have been less reticent. Within the last 24 hours, both Mr Takeo Miki and Mr Zenko Suzuki have urged prudence and caution on Mr Nakasone. Mr Suzuki argued that the existence of the ceiling had reassured both the Japanese public and Asian neighbours that Japan had renounced military ambitions.

Mr Nakasone's rivals have been put on the spot. In an interview with the Asahi Shimbun yesterday, one of them, Mr Shintaro Abe, the Foreign Minister, confessed he still had not decided whether or not to support breaching the ceiling.

Abe: undecided

Another, Mr Noboru Takeshita, the Finance Minister, has been equally circumspect.

The Japanese media, whose commemoration of Hiroshima has been for the most part muted, is again working itself into a fine pitch of indignation over whether or not Mr Nakasone should go to the Yasukuni Shrine on August 15 in an official capacity. This shrine honours those killed in action and is, to some, a symbol of Japanese militarism. Mr Nakasone repeated yesterday that "nothing has been decided" about his attendance this year.

Mr Nakasone's hand may have been strengthened by two factors essentially disconnected from the intrigue of Japanese politics. One is his high public standing and the lack of general interest in security issues in Japan. The second is the continued discretion employed by the U.S. Administration on defence.

Although the U.S. Congress has again begun, in assorted resolutions, to link trade and defence, Administration pressure for higher defence spending has been minimal, in comparison with the 1970s. The absence of this has enabled Japan to upgrade the quality of its defence forces and even to transfer military-related high technology to the U.S. with relatively little domestic furore.

Nevertheless, Mr Nakasone is tip-toeing through a political minefield. Last night, a group of interested parties, Mr Abe, Mr Takeshita, Mr Koicho Kato, head of the self-defence forces, and Mr Takeo Fujinami, Cabinet Secretary, were exchanging views off stage.


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# AMERICAN NEWS

## U.S. mints motherhood and patriotism

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

CONGRESSIONAL anger over South African apartheid may soon have the side effect of providing Americans with a patriotic new investment opportunity.

The South African sanctions legislation now nearing completion on Capitol Hill provides, among other things, for the minting of a series of four U.S. gold coins to compete with the krugerrand—of which further imports would be banned—as well as, incidentally, with the increasingly popular Canadian Maple Leaf.

If the Bill becomes law, evading or overriding e presidential veto, the Secretary of the Treasury will be required to start issuing the new coins, perhaps to be known as American eagles, by October of next year.

The Treasury, nervous over anything that smacks of a return to the gold standard, is not keen on the idea. But it could in fact turn a handsome profit from the operation.

The law stipulates that the coins must be minted either from domestically mined gold, or from U.S. reserves held in Fort Knox and other strongpoints. U.S. gold stocks are valued at just over $11bn at the official rate of $42.22 per fine troy ounce.

The Treasury, however, would sell the coins to the public at the current market rate of about $320 an ounce, plus production and minting costs, and pocket the difference—"for the sole purpose of reducing the national debt," says Congress sternly.

The Treasury would have to mint the coins in sufficient quantity to meet popular demand, which is likely, according to the Bill's sponsors, to run about 2m ounces annually, representing a windfall to the Treasury of


some $500m or more a year.

The coins would come in denominations of $5, $10, $25 and $50, and be legal tender at their nominal face value. It would be pretty foolish, however, say the promoters, to walk into a grocery store and tender a $50 coin really worth about $320. The gold content would range from one tenth of an ounce in the $5 coin to an ounce in the $50 piece.

The Secretary of the Treasury, currently Mr James Baker, would be design for the coins, except for the $50 piece, on which Congress intends to mandate its own opinion. The required design, which has already irked some feminists, must represent "a fmily of eagles, with the male carrying an olive branch and flying above a nest containing a female eagle and hatchlings."

The idea is to make the coins a "symbolic tribute to the American family"—a thought that should certainly appeal to the Reagan Administration—as well as to the nation's senior citizens and young people. Feminists argue that it would perpetuate the outmoded concept that the female stays at home in the nest while the male soars free.

All the coins would be heavily loaded with patriotic symbols. Each one, according to Congress, must carry the words "Liberty," "In God We Trust," "United States of America" and "E Pluribus Unum" ("out of many, one").

The Bill's sponsors say that the move should not be interpreted as the thin end of the wedge in a bid to restore the gold standard, because it will involve no new link between the dollar and gold. It should not either, they say, affect monetary policy, as the coins are not expected to circulate in large numbers.

But will the American eagle be tainted by the inclusion of South African gold? Congressional experts say that most of the gold in Fort Knox has been there for 50 years or so and was largely domestically mined. Any lingering South African gold, they are confident, would predate the apartheid laws.

## U.S. winds up three-day assault on marijuana farms

BY NANCY DUNNE IN WASHINGTON

THE U.S. Justice Department today will wind up an intense, nationwide assault on a booming U.S. industry — marijuana farming.

Led by Mr Edwin Meese, Attorney General, 2,200 federal, state and local agents have been conducting a search and destroy mission of illegal marijuana plants grown on both public land and in private fields and greenhouses. At least 45 arrests were reported in the first day of the operation.

Mr Meese, who has made combating drug trafficking one of his highest priorities, intended to lead the assault himself on a remote marijuana field in Arkansas.

However, bad weather cancelled his participation and instead he viewed the illegal crop by helicopter, landed at Harrison, Arkansas, and walked round two trucks containing some of the seized plants.

Police and federal officials used helicopters, aircraft and four-wheel-drive vehicles and tramped through muddy fields to find and uproot the "gateway drug," which Mr Meese said led users to harder drugs.

The largest haul on Monday was in Indiana where officials found an estimated 7m plants, much of it wild marijuana, in an 18-acre area. The largest number of first day arrests, 25, was recorded in Arkansas.

However, results were disappointing in some states. Rhode Island had to be dropped from the list of targets because officials could find very little or no marijuana. In Epping, New Hampshire, officials uprooted just 115 plants, after picking their way through blueberry fields.

There is no reliable figure for the size of the domestic marijuana industry, but the drug is believed to be e leading cash crop in California, Hawaii and Oregon.

U.S. growers have reportedly achieved an expertise far beyond that of other countries, producing a high quality, potent product which has increased its value to the drug trade.

Many experts are sceptical about the federal effort, pointing out the reliance of both local and national economies on "narco-dollars." After 18 months of study, the Rand Corporation, e respected think tank, concluded that the supply of drugs could never be eliminated because the dealers simply moved elsewhere.

However, the Justice Department, taking heart from statistics showing declining marijuana use among young Americans, will not be deterred.

It said the current operation was designed to signal the Reagan Administration's determination to fight on in the war against pot.

Edwin Meese: leading fight against "gateway drug"

OBITUARY

## Philip Estridge: led development of IBM PC

MR PHILIP ESTRIDGE, the leader of the pioneering team which developed International Business Machine'e highly successful Personal Computer, was among those killed in the crash of the Delta air lines jet at Dallas-Fort Worth Airport, last week.

At least five other IBM executives and several of their family members, including Mr Estridge'e wife, also died in the crash.

Mr Estridge shot to fame in the U.S. computer industry in e brief period starting in 1980, when he was put in charge of a small team and told to organise IBM's entry into the personal computer field.

The story of how this group swiftly developed the machine which became universally known as the PC has since become one of the fables of the industry.

In late 1983, the PC overtook the Apple II as the best-selling personal computer in the U.S., and by the time Mr Estridge left the division earlier this year, IBM's revenues from personal computers had grown to $4.5bn and the payroll to 10,000.

Mr Estridge's team was unable to repeat this success, however, with the subsequent PC home computer called the Peanut — which was aimed et the inexpensive bottom end of the market.

Earlier this year, the PC jr was withdrawn fromthe market, and Mr Estridge was moved out of the personal computer divisoo to head IBM's worldwide manufacturing operations.

Terry Dodsworth

## Arms dealer surrenders

MR CHARLES ST. CLAIR, an arms dealer charged in a alleged plot to smuggle weapons to Iran, has surrendered to FBI agents, authorities said, AP writes from Florida.

Mr St Clair, 54, from Granada Hills, California, flew to Orlando, Florida, from London.

He was being held with six others in three states, in an alleged plot to buy 1,140 U.S. Army missiles and ship them to Iran

## Nicaraguan army claims control of frontier

By Tim Coone in Managua

THE CAPTURE by Nicaragua's armed forces of the last guerrilla stronghold on the San Juan river has left the Government in almost complete control of the country's southern frontier with Costa Rica.

The Contra bese of Sarapiqui fell to Government troops on Sunday, Commander Roberto Calderon, the local military chief, said.

Troops of the Rightist guerrilla organisation ARDE, based in Costa Rica, beve been operating in the zone for more than two years, elosing the river to civilian traffic and maintaining supply lines to their units operating deeper inside the country.

An army offensive was launched at the beginning of June to regain control of the region, one of the most inaccessible parts of the country. The river, which forms the border with Costa Rica, is the region's principal communication route.

With the fall of Sarapiqui, the ARDE guerrillas have lost their last supply and command base inside Nicaraguan territory and Commander Calderon said the army was trying to drive the remaining Contra forces inside Nicaragua back across the frontier into Costa Rica.

Yesterday, 19 U.S. citizens, including e Roman Catholic priest and a Methodist minister from New York, were due to begin the first civilian attempt to traverse the 125-mile long San Juan river since the guerrilla war began in the south of the country.

The declared purpose of their journey is to register e protest against the Reagan Administration's policy of support for the Rightist Contras seeking to overthrow the Sandinista government in Nicaragua.

Their journey will take two to three days and could be extremely dangerous Commander Calderon said, the guerrillas were continuing to fire on army positions from across the river in Costa Rica.

Sr Victor Hugo Tinoco, Nicaragua's ecting Foreign Minister, said Nicaragua still hoped to establish a demilitarised zone in stages along both sides of the Costa Rican frontier.

He said, however, that Costa Rica had been unwilling to set a date for talks.

## Argentina acts to increase export revenue

BY OUR BUENOS AIRES CORRESPONDENT

SR JUAN SOURROUILLE, Argentina's Economic Minister, has announced measures aimed et boosting industrial exports and generating foreign exchange to help meet the country's debt payments.

In e 35-minute televised speech on Monday, Sr Sourrouille stressed that Argentina had won the first bettle in its fight against inflation.

He said a 6.2 per cent increase in retail prices reported for July did not fully reflect the success of a dramatic anti-inflation plan put into effect on June 15, because of a carryover effect built into the price indexing methods. The true inflation rate was closer to that of wholesale prices, which actually dropped by 0.9 per cent in July, he said. "We are leeving behind a country at the end of hyperinflation."

The anti-inflation programme includes an indefinite wage and price freeze.

In a bid to boost exports, the minister announced that the Government had eliminated a 6 per cent export tax on a wide range of manufactured goods and significantly reduced export taxes on other industrial products.

He elso said the Government would be more ective in promoting special export programmes, exempt trading companies from taxation and reduce interest retes for export financing loans.

"The government hopes that this package of measures and others under consideration will constitute a substantial boost to export activity at the current exchange rete."

The Economy Ministry said the Government was seeking to boost industrial exports to reactivate the country's stagnant economy. They would also provide dollars to boost the balance of trade surplus and help meet interest payments on its $48bn foreign debt.

However, there is no plan in the near future to lift stiff export taxes on the agricultural products which make up the bulk of Argentine exports, the official said. The revenue generated by these taxes is still crucial to financing a planned reduction in the federal budget deficit from 12 per cent last year to 4.1 per cent.

Sr Sourrouille also announced a series of large public spending projects amounting to more than $1.3bn which he said would be self-financing. Those projects include a new oil refinery, a petrochemical plant, a steel tubing factory, an expansion of an existing petrochemicals complex and increased offshore drilling off Tierra del Fuego.

## Unions falter in challenge to Peru's austerity drive

BY HUGH O'SHAUGHNESSY

THE CHALLENGE of organised lebour to the eusterity measures decreed last week by Peru'e President Alan Garcia seems to be faltering.

The seven week strike of government employees is petering out although some ministries and the postal service remain affected.

Bank employees who staged e 24-hour stoppage on Monday to support e demand for e 200 per cent wage rise to take monthly salaries to $265 (£195) returned to work yesterday. A 48-hour strike of private bus owners in Lima caused dislocation yesterday but most employees managed to get to work.

The 48 hour stoppage, which ends today, was against e new tax on fares.

Banks were operating the new parallel foreign exchange market for the first time yesterdey. The dollar was quoted at a slight premium over the fixed exchange rate of 13,948 soles.

Industry in general has welcomed the halving of interest rates although many ordinary savers have not yet woken up to the fact that their deposits will henceforth earn considerably less than they have been used to.

# WORLD TRADE NEWS

## Extra £46.9m trade finance available for UK-Iraqi deals

BY RICHARD JOHNS

ANOTHER £46.9m in Government-backed financing for trade with Iraq is available to UK companies as a result of a supplemental agreement signed by Morgan Grenfell and the Rafidain Bank.

The line of credit is for general purposes and virtually exhausts the £275m of finance supported by the Export Credits Guarantee Department under the UK-Iraqi trade protocol of October 1983 and arranged by a syndicate of banks led by Morgan Grenfell.

Rafidain, the state-owned commercial bank, is handling the loan facility on behalf of the Iraqi Government which is said by Morgan Grenfell to be anxious to utilise fully the loan facility as soon as possible.

Despite a commercial debt estimated earlier this summer at $10bn or more, and difficulties with repayments which has led to e substantial rescheduling of obligations with other trading partners, Iraq's record with the UK is unblemished so far, according to Morgan Grenfell.

"To date, all interest and principal payments have been made on time," Mr Peter Davies, the executive responsible, commented yesterday.

Monday's agreement is the 21st signed by Morgan Grenfell with Iraqi state organisations since July 1983 and the bank claims to have arranged the financing so far of more than £500m-worth of business with Iraq.

Under the trade protocol—the last major agreement signed last November with the Iraqi Ministry of Industry and Minerals—a £71m line of credit facilitated the supply of turbines for Al Mussaib thermal power station by NEI Parsons.

One of four buyer credits have financed the supply of engineering services and equipment for the development of the East Baghdad oil field being undertaken by Snamprogetti.

Others have made possible UK involvement in the Khark water supply scheme, the equipping of Al Hamad eye hospital and the building of a housing project.

Of the total sum covered by the trade agreement, £25m was set aside for pharmaceuticals. According to Morgan Grenfell, this has provided 57 contracts for 35 British companies. Through an earlier £85m general purpose facility, 40 contracts have been won by 30 UK suppliers.

Exports involved include Land Rovers, asphalt plant, diesel generators, water treatment plant and cranes.

Other banks in the syndicate are the Arab African International Bank, Arab Banking Corporation, Gulf International Bank and the National Westminster.

The Midland Bank was chosen in May to arrange a further £300m-worth of financing supported by the ECGD, made up of a £250m medium-term credit for capital goods and machinery, and a £50m extended-term facility for pharmaceutical exports.

## Hungary wins $32m orders

BY LESLIE COLITT IN BERLIN

HUNGARIAN industry has won foreign and domestic orders worth nearly $32m (£23m) as a result of the country's joining the World Bank in mid-1982 when it became eligible to bid on the Bank's loan tenders.

The fall in Hungary's herd currency earnings has prompted the Government to urge companies to be more aggressive in submitting bids on World Bank tenders.

In the first five months of this year, Hungary had a hard currency trade deficit of $190m compared with a trade surplus in the same period last year.

Hungarian companies won $15.7m in foreign orders and $16m in contracts at home connected with World Bank tenders. During this period, however, they bid on World Bank projects worth $355m.

The main Hungarian Communist newspaper Nepszabadsag said the trade outlook was not encouraging for the second half of the year.

Hard currency exports were likely to remain at last year's level while imports would continue to rise.

## Nigeria halts sales to Swiss oil company

By William Dullforce in Geneva

THE NIGERIAN National Petroleum Company (NNPC) has stopped selling 150,000 barrels a day (b/d) of crude oil to Pan Ocean Oil Company since July 17, because the Swiss-owned company is suspected of selling to "non-recognised countries," a term applied to South Africa and Israel.

Mr Vittorio Fabbri, chairman of Pan Ocean, said in Geneva that the charge was completely unfounded as the 150,000 b/d lifted by his company was being sold under contract to Shell International Trading Company (Sitco).

Mr Fabbri said he believes the real reason for the action taken against his company was personal friction between Mr Festus Marinho, the head of the NNPC, and Mr Tam David-West, Nigeria's Oil Minister.

Pan Ocean is the only company trading Nigerian oil which has been paying the official government prices of $28.69 a barrel for Forcados crude and $27.50 a barrel for Bonny Light, Mr Fabbri said.

The NNPC apparently argued that Pan Ocean's willingness to pay the official prices, and also to pay interest, when its payments under the contract were delayed, was suspicious, Mr Fabbri said, but the Nigerians had failed to find evidence that any of the crude lifted by Pan Ocean had found its way to South Africa or Israel.

Under the contract, Pan Ocean started lifting 15,000 b/d of crude in October last year, building up its offtake to 150,000 b/d in May this year.

Ironically, Pan Ocean has since received a telegram from NNPC, claiming $1.744m in compensation under the contract for "underlifting" of crude oil since July 17, Mr Fabbri said.

Pan Ocean also exports 7,000 b/d to 8,000 b/d of crude from the Ogarefe field in Nigeria, in which it has a direct interest, but this has not been affected.

Our Foreign Staff adds: A spokesman for Shell confirmed that it had a contract to purchase 150,000 b/d from Pan Ocean, adding that "none of it is going to areas prohibited by Nigeria."

Anthony Moreton reports on changing ideas about the textiles and clothing accord

## MFA set for a new and more liberal life

SIX MONTHS ago it would have been difficult, if not impossible, to find a low-cost textile producer among the developing countries making anything but the most abrasive noises about the Multi-Fibre Arrangement (MFA), the world accord that governs an important part of international trade in textiles and clothing.

The almost universally-heard sentiment at that time was that the MFA, which runs out next year, was pernicious, had outlived its purpose and should be ended. Trade in textiles and clothing, like that in other goods, should be regulated solely by the rules of the General Agreement on Tariffs and Trade (Gatt).

Times change. The phrase "end the MFA" has all but disappeared from the lexicon of the Far Easterners and Latin Americans. At last week's meeting of Gatt's textile committee in Geneva which reviewed the MFA, ell the talk was about "progressive liberalisation" and "balanced compromise."

"We never said 'end the MFA in 1986'," one official maintained. "What we actually said was that we must return to Gatt 'sometime'."

The EEC and the U.S. are as delighted at this change of emphasis as they are surprised.

The MFA was introduced in 1974 to allow Western industry to restructure in order to meet the competition from low-cost producers, and subsequently extended in 1978 and 1982. The EEC and U.S. want it extended further.

The EEC also wants it liberalised, making it easier for goods from India, South Korea, Indonesia and the rest to enter its market.

The U.S. does not know if it can get liberalisation of the MFA through Congress, so is sitting on the fence. President Ronald Reagan, bedevilled by a strong and influential protectionist textile lobby in Washington, wants liberalisation but may not succeed in getting it.

'Low-cost producers have lived with protectionism in the MFA and its predecessor for 23 years. Now that the end is in sight, they do not know what to do next. It is as if they had become institutionalised and half-afraid to face a future without it.'

What neither the EEC nor the U.S. wants is to go beck to unfettered free trade; not just yet, anyway. Suddenly, they have found their most implacable opponents agreeing with them.

Mr Antonio Carag of the Philippines, one of the leaders of the important Association of Southeast Asian Nations (Asean) group, talked in Geneva of an "eventual return to the full application of the Gatt provisions." Mr Joun Yung-Sun, speaking for all the developing countries, called for a "movement towards a significant and substantial liberalisation."

The reason for this change of tack lies in a power struggle for leadership of the exporters. The realists, led by South Korea, Hong Kong and the Asean countries, have wanted all along a "sensible" approach to the MFA. The hard-liners, led by India and Egypt, wanted it summarily ended next year.

The battle was not won until a meeting of the low-cost producers in Mexico City last April and the full significance only surfaced at Geneva. As recently as June, Hong Kong, for instance, was saying for the record that it wanted an end to the MFA while tacitly agreeing that this was not feasible in 1986.

The irony is that the low-cost producers might well have made their concession at precisely the wrong moment.

Faced with a mounting import bill for textiles and clothing — up 25 per cent by volume in 1983 and 32 per cent in 1984 —the U.S. has turned ugly.

Enormous pressure from the U.S. textile lobby has led to the Jenkins Bill which seeks greater protection for the home industry. The Jenkins Bill bandwagon is still rolling and has already gained the support of more than half the House of Representatives and half the Senate.

If a liberal trade-minded Administration wants to stop this surge of protectionism, President Reagan will have to put pressure on individual Congressmen to get them to back off.

If the Bill is enacted it could smash the MFA and undermine the whole concept of Gatt by giving the U.S. power to impose protection selectively.

The EEC also has problems. M Jean-Pierre Leng, the Community's chief textiles negotiator, nailed policy firmly to the Liberal flagpole, saying in Geneva, that while the extension of the MFA was necessary it had to be operated "in a more flexible manner."

The EEC's problem is not the Third World but its 11th member, Portugal. It joins the EEC next year and is determined to milk the MFA as the French do the Common Agricultural Policy.

So the EEC is in a rush to complete its negotiating position before the Portuguese and Spanish join the club in January.

Officials want another meeting of the textiles committee in Geneva as soon as possible before the next scheduled meeting in December.

In all this, the parties have remained shy of suggesting a terminal date for the MFA (always a stumbling block in the past).

The only suggestion from the producer camp has come from Chile which proposed 15 years, very different from the present four years. But Chile is not a big textile country and carries no weight.

The only counter proposal from the West was a Canadian suggestion of an open-ended MFA with e review after five years. Like Chile, Canada carries little clout.

The interesting thing is that almost every producer is talking long, the sort of language the West prefers to hear. "What does it matter how long the next MFA is," said one official, "so long as it it the last one."

"The trouble," said another official, "is that the low-cost producers have lived with protectionism in the MFA and its predecessor for 23 years.

"Now that the end is in sight they do not know what to do next. It is as if they had become institutionalised and half afraid to face a future without it."

It is abundantly clear that there will be another MFA, that it will be more liberal than the present one, that no one knows how long it will last and that it is certain to be the final one.

No one knows what the U.S. will do: if the Americans take the wrong direction everything could be upset.

"Last time round," said the man from Hong Kong, "the EEC wore the black hat. This time, it's on America's head." A novel situation for a President who came to fame as the good guy in Hollywood Westerns.

## GM, Japanese in U.S. venture

BY CARLA RAPOPORT IN TOKYO

GENERAL MOTORS of the U.S. and Akebono Brake, the Japanese car components group, have agreed to establish a joint venture to make brakes and other components in the U.S.

The new company, which is to start production in 1987, will be primarily aimed at supplying Japanese car makers who are increasing their production facilities in the U.S., such as Mazda, Toyota and Mitsubishi.

Akebono yesterday declined to reveal the amount of investment or the new plant location. Japanese newspapers, however, say the investment will be about Y8bn (£23m).

Mr Y. Nobumoto, president of Akebono, said yesterday: "A joint venture in the U.S. is preferable to e wholly-owned subsidiary. Both companies will learn from each other and dual-ownership expands the potential base of business beyond that available to either company individually."

Akebono Brake, with sales of around Y71.3bn e year, supplies all the Japanese car makers in Japan, as well as the Japan National Railway.

● Nippondenso, Japan's leading manufacturer of electronic equipment for cars, yesterday said it was hoping to expand its production capacity at present under construction in the U.S., in the light of the recent decision by Toyota to begin U.S. production by 1988.

The company is currently spending about Y20bn to build a plant in Battle Creek, Michigan, to produce air conditioners and other electric appliances for cars.

This plant may be significantly expanded if Toyota decides to locate its U.S. facilities near by, it said.

## Chiyoda consortium given Thai refinery contract

BY BOONSONG K'THANA IN BANGKOK

THE JAPANESE consortium led by Chiyoda has won the battle for the semi-state-owned Thai Oil Refinery Company's major refinery expansion contract, one of Thailand's single largest industrial projects.

The Thai company confirmed yesterday that a decision has been made to award the contract to the group which includes Chiyoda Chemical Engineering and Construction, Marubeni Corp, Mitsubishi Construction, and Nichimen Corp.

The deal, worth $195m (£139m) was reached after only two months of negotiation when the Chiyoda consortium significantly outbid two other Japanese-dominated consortia in the tender opened last June.

The refinery contract is one of the major industrial contracts in Thailand secured by Chiyoda, a few months ago, another consortium led by Chiyoda won two of three main contracts to build e $251m fertiliser complex on the eastern coast.

# Record number of Lloyd's members fail solvency test

BY ERIC SHORT

PROBLEMS of certain syndicates managed by the Richard Beckett Underwriting Agencies (RBUA) have been the main factor in a record number of members failing to pass this year's annual solvency test, at Lloyd's, the London insurance market.

Mr Ian Hay Davison, Lloyd's chief executive, yesterday announced that 517 members had failed to submit properly audited solvency certificates as required in order to enable them to continue underwriting. The agreegate shortfall involed amounts to some £65.5m.

Each year Lloyd's members have to show that they have sufficient wealth to cover the insurance liabilities of the syndicates to which they have given their names if they wish to continue as underwriting members of Lloyd's.

The deadline for compliance with the solvency test is May 31. Because of the problems with RBUA the council of Lloyd's extended the deadline for these members to July 31.

In spite of this extension 325 members with RBUA failed to meet the solvency requirements, involving a shortfall of £58.6m.

Lloyd's will be writing today to the 517 members giving them 28 days' notice to provide reasons why they should not be suspended from underwriting.

Mr Davison said that on past experience a large proportion of members failing the initial solvency tests subsequently provided the necessary resources. Last year 120 "names" were written to after failing to provide the certificate, but eventually only 39 were suspended.

Conditions this year are different. Members in the affected RBUA syndicates, which are facing insurance losses of £130m, are unhappy about their treatment.

Failure to produce a certificate does not mean that the member can not meet the necessary solvency requirements. It could mean that they choose not to do so as a protest or for other reasons.

Many members connected with RBUA have been vocal in demanding full disclosure of the affairs of the agency, the losses and the alleged misappropriations before putting up more capital.

Management of the syndicates which have stopped trading has passed to an independent agency financed by Lloyd's and headed by Sir Ian Morrow, who has given a warning that he intends to operate a more conservative accounting policy in calculating losses.

# Second senior STC executive resigns

BY GUY DE JONQUIERES

ANOTHER SENIOR executive has left STC, the telecommunications and computer manufacturer whose chairman and chief executive, Sir Kenneth Corfield, resigned last Friday after mounting criticism of the company's performance.

He is Mr Duncan Lewis, formerly STC's director of business intelligence and planning. Mr Lewis was also a member of STC's executive committee and a director of ICL, the computer company which STC acquired for £411m last year.

Mr Lewis, who worked for the National Economic Development Organisation (NEDO) until three years ago, was a close associate of Sir Kenneth and a principal architect of an ambitious medium-term strategy for STC's future international expansion.

The STC management changes, which led to Sir Kenneth being replaced by Lord Keith of Castleacre, a non-executive director, make it much less likely that the company will go ahead with the strategy, which called for overseas acquisitions.

Some STC board members believe that the company is already over-stretched and that the recent deterioration in its profits and difficult conditions in world electronics and component markets make cash conservation the overriding near-term priority.

STC has already said that its results for the six months to June 30, to be issued next Friday, will show an attributable loss after extraordinary charges, due to poorer performances by its components, telecommunications and submarine cable divisions.

The company is expected to take the opportunity to spell out the full impact of the recent problems in these businesses.

● ICL fell from sixth to 10th place last year among the leading computer companies operating in Western Europe, according to a survey by the American magazine, Datamation.

ICL's computer revenues, measured in dollars, fell by 4.3 per cent to $917m. The only other large company not to increase its revenues was Philips, the Dutch electrical and electronics group, the value of whose computer business fell 0.4 per cent to $839.5m.

In local currency terms, ICL's revenues rose by 8.3 per cent. This was the smallest increase after NCR; IBM and Control Data, all of the U.S., which showed growth of 1 per cent, 5.9 per cent and 7 per cent, respectively.

IBM's total European computer sales last year remained far ahead of those of its competitors, at $10.98bn. Its closest rival was Siemens, with computer revenues of $2.09bn.

Italy's Olivetti rose from fourth place in 1983 to third place last year, with revenues of $1.5bn, while France's Bull fell from third to sixth place, with revenues of $1.44bn.

# Reed sells off division

BY DAVID GOODHART

REED INTERNATIONAL, the publishing, paint and paper group, announced yesterday that it has reached agreement in principle for the sale of its UK building products division to members of the management backed by a number of financial institutions headed by Candover Investments.

The deal – which is expected to net Reed about £70m in cash – underlines the growing interest in management buy-outs in Britain during recent months. Assuming the agreement is finalised it will be the second biggest buy-out ever involving a wholly UK company. Last week Unilever announced the sale of the bulk of Mallinson-Denny, its international timber products subsidiary, to the management for £90m.

The UK arm of the building products division had a turnover of £141m and trading profit of £5.9m in the year ending March 31 1985 and employs about 4,300 people. It covers 12 companies predominantly in bathroom products and plastic products but also in double glazing, industrial lenses and domestic boilers. The best known and largest of the companies are Twyfords and Walker Crossweller – both manufacture bathroom products.

Reed announced its intention to sell the whole group at the end of May and Mr Leslie Carpenter, then chief executive and now chairman said the company would be disappointed if it received less than £103m – the estimated value of the capital employed. Capital employed in the UK division was £70.1m to the end of March 1985 so a sale price of £70m will fit the company's expectations.

Neither Reed or Candover Investments would reveal details of the deal which is part of a plan to shift Reed's interests increasingly into publishing, particularly electronic publishing.

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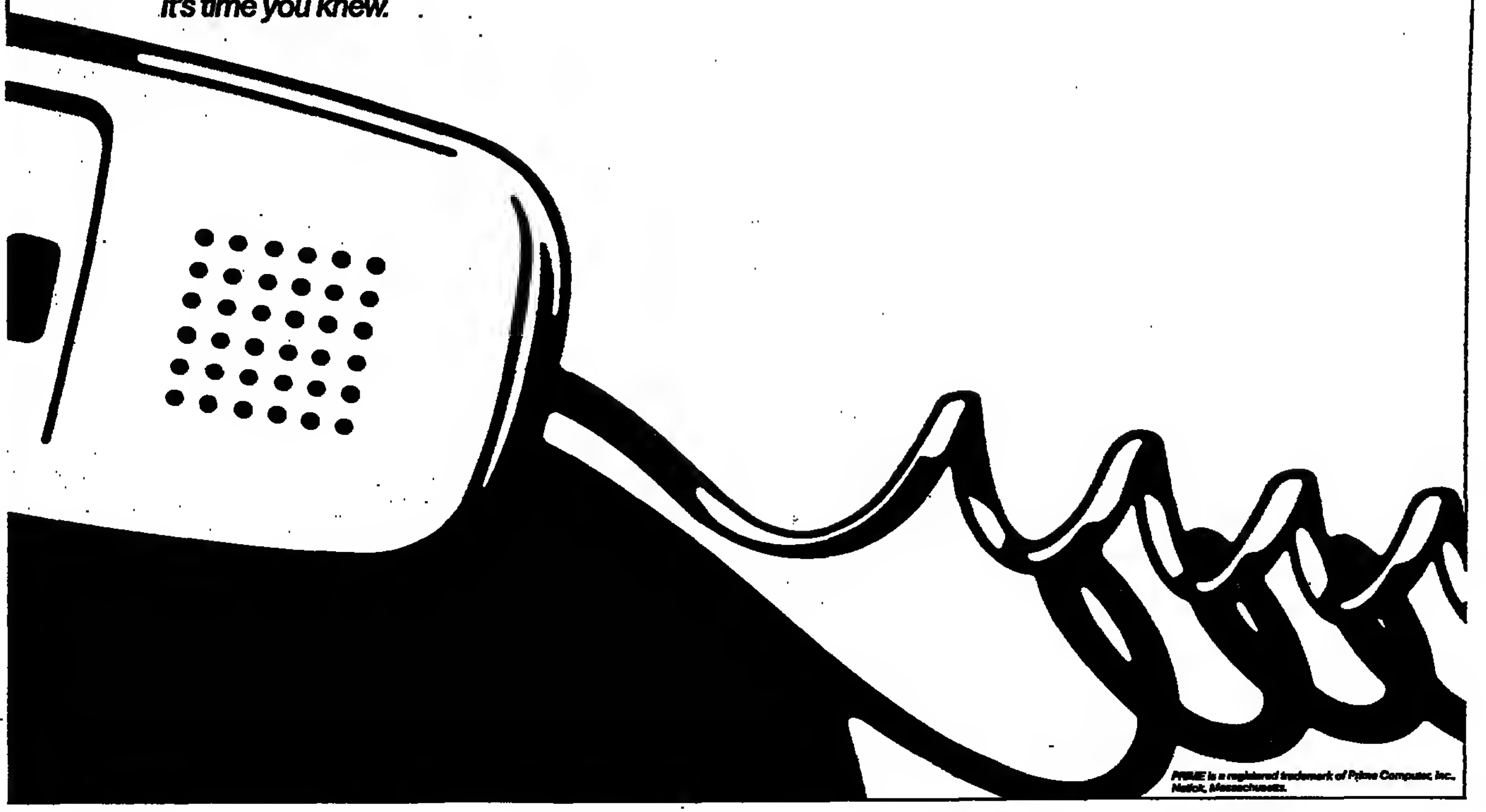

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# UK NEWS

**Barry Riley reports on problems which threaten a profession's renewed growth**

# Clouds appear on accountants' horizons

BRITAIN'S leading accountancy firms had a bumper year in 1984. Average fee income among the top 20 rose 20 per cent, according to a Financial Times survey.

Coopers and Lybrand, which has toppled Peat Marwick Mitchell from the leading position in the league table, recorded an increase of almost 30 per cent to £94.2m, compared with Peat's below-average performance of a 17 per cent rise to £87.2m.

Price Waterhouse took third position from Deloitte Haskins and Sells. Had those two not called off their merger plan late last year they would have become by far the biggest firm in the UK.

The most striking advances further down the league were made by firms created by recent mergers. Clark Whitehill's 143 per cent increase in fee income took it to 13th position. Hodgson Harris, with a 74 per cent rise, was 17th on the list.

Firms are particularly busy scouting for new talent and trainee recruits to handle expansion into financial services and management consultancy. Shortages of staff have appeared at many levels.

British accountants traditionally have relied mainly on audits and liquidation business, but the chief growth is now in other areas, such as management consultancy. The big firms are now targeting the public sector as a big growth area for consultancy and other services.

The somewhat surprising plan announced last year for a merger of the English Institute of Chartered Accountants and the public-sector body, the Chartered Institute of Public Finance and Accountancy, was an indication of how highly many chartered accountants rate the opportunities in the public sector. The initiative ran into opposition, but a merger remains a stated longer-term objective.

Corporate finance activity has also been booming, at all levels from veoture capital and Business Expansion Scheme projects for small companies right up to the big flotations on the London Stock Exchange.

**TOP TWENTY ACCOUNTANTS**

| Firm | Fees* (£m) 1984 | %change in fees 83/84 | Non audit fees (£m) | Partners | Prof. staff | Staff/partner ratio | Total prof. staff | Fee/partner ratio (£000s) | Fee/total prof. staff ratio (£000s) |
|---|---|---|---|---|---|---|---|---|---|
| Coopers & Lybrand | 94.2** | 29.9 | na | 248 | 2,935 | 11.8 | 3,183 | 379.8 | 32.1 |
| Peat Marwick Mitchell | 87.2** | 17.4 | 41.0*** | 230 | 3,190 | 13.9 | 3,420 | 379.1 | 25.5 |
| Price Waterhouse | 84.9 | 23.4 | 45.4 | 243 | 2,451 | 10.1 | 2,694 | 349.4 | 31.5 |
| Deloitte Haskins & Sells | 82.2 | 17.8 | 40.9 | 267 | 2,720 | 10.2 | 2,987 | 307.9 | 27.5 |
| Ernst & Whinney | 70.0 | 25.0 | na | 220 | 2,650 | 12.1 | 2,870 | 318.2 | 24.4 |
| Arthur Young | 64** | 18.5 | 35.2 | 193 | 2,081 | 11.8 | 2,274 | 331.6 | 28.1 |
| Touche Ross | 59.5 | 14.4 | 23.7 | 172 | 1,829 | 13.2 | 2,001 | 345.9 | 29.7 |
| Thornton Baker | 49.0 | 8.9 | 26.0*** | 240 | 2,160 | 9.0 | 2,400 | 204.2 | 20.4 |
| Arthur Andersen | 47.1 | 14.9 | 22.4 | 107 | 1,304 | 12.2 | 1,411 | 440.2 | 33.4 |
| KMG Thomson McLintock | 44.5 | 28.4 | 16.9 | 147 | 1,556 | 10.6 | 1,703 | 302.7 | 26.1 |
| Spicer & Pegler | 34.0 | 16.3 | 15.0 | 147 | 1,268 | 8.6 | 1,415 | 231.3 | 24.0 |
| Binder Hamlyn | 30.8 | 13.6 | 15.4 | 132 | 1,098 | 8.3 | 1,230 | 233.3 | 25.0 |
| Clark Whitehill | 20.9 | 143.0 | na | 190 | 939 | 4.9 | 1,129 | 110.0 | 18.5 |
| Dearden Farrow | 16.9 | 18.2 | 8.8*** | 92 | 579 | 6.3 | 671 | 183.7 | 25.2 |
| Stoy Hayward | 16.0 | 18.5 | 7.0 | 63 | 565 | 9.0 | 628 | 254.0 | 25.5 |
| Neville Russell | 15.6 | 12.1 | na | 72 | 536 | 7.4 | 608 | 216.4 | 25.6 |
| Hodgson Harris | 15.0 | 74.4 | na | 84 | 556 | 6.6 | 640 | 178.6 | 23.4 |
| Moore Stephens | 14.5 | 18.9 | 6.8 | 91 | 501 | 5.5 | 592 | 159.3 | 24.5 |
| Robson Rhodes | 14.0 | 15.7 | na | 69 | 560 | 8.1 | 629 | 202.9 | 22.3 |
| Kidsons | 13.3 | 10.8 | na | 63 | 482 | 7.8 | 545 | 211.1 | 24.4 |

* Net of recoverable expenses. ** Includes Channel Islands. *** Estimate

Figures were not available from Pannell Kerr Forster

Meanwhile, the big accounting firms have more than enough tax work for all the skilled tax experts they can lay their hands on.

Amid the boom, however, two shadows are being cast across the profession's fortunes. The more pressing of those concerns the crisis over professional indemnity insurance.

The problem is not unique to accountants – it also affects other professions such as consulting engineers, for instance – but it has quite suddenly emerged as a serious worry for accountants after a series of heavy damage claims against big firms.

For instance, Arthur Young is being sued over Johnson Matthey Bankers, a former audit client, and the Government has also filed a large claim against Arthur Andersen in respect of the De Lorean collapse. The Irish practice of Ernst & Whinney faces action arising from the losses of its client the Insurance Corporation of Ireland.

On a smaller but still potentially expensive scale, Touche Ross has become embroiled in the row between Caparo Industries and the former managers of Fidelity Radio which it bought last year.

So far, the possible liability of auditors in such cases has not been tested in the British courts, but the insurers have become alarmed by recent huge awards against firms of accountants in the U.S. and Australia.

Not only have premiums been rocketing, but more seriously, limits on cover have been reduced. One of the big firms says it was covered for more than $200m on individual claims last year, but this year it cannot find cover at any price for more than $250m overall, including a limit of $125m on any one claim.

Since partners have unlimited liability, there is the disturbing possibility that not only might a firm be wiped out by a big award for damages but that the individual partners would be bankrupted and consequently, under professional rules, would no longer be able to practise.

Meanwhile, small and medium-sized firms are upset that their own premium rates are being driven up, even though they are not exposed to the same kind of risks as the big firms.

A medium-sized firm reported that it had to pay 300 per cent more for professional indemnity insurance this year. But at least it was able to get the full £20m cover that it wanted. Overall, it is reckoned that anywhere between 0.5 oper cent and 3 per cent of accountancy firms' fee incomes now go to pay for indemnity cover.

The second serious difficulty being faced by the profession concerns the growing tension between the top 10 or 12 big firms and the hundreds of small and medium-sized firms. That has culminated in a plan to set up a separate trade body, the Association of Practising Accountants, to represent the commercial interests of the smaller firms.

Traditionally, competition within the profession has been restrained. The medium-sized firms have operated within what they regarded as their own patch; and although they have had to recognise that a growing corporate client would eventually depart for the likes of Peat Marwick or Price Waterhouse, they have also assumed that the big firms would not try to poach smaller-scale business.

In recent years, and especially since restrictions on advertising and promotion were substantially relaxed last October, this gentlemen's agreement appears to have collapsed.

Medium-sized firms are alarmed to find that the big firms are setting up new local branches, and are bidding aggressively for audits all the way down to the £5,000 level. Previously, the big firms would not normally have regarded anything below about £50,000 as an economic proposition.

They are backing this marketing push with press and TV advertising campaigns, floods of expensively produced brochures and literature, and only thinly disguised teams of salesmen. This is a game in which the smaller firms cannot possibly compete.

One response has been a renewed wave of mergers among the second tier of firms. Hodgson Impey, result of a three-way combination this year, is the largest of such newly-created firms, although Clark Whitehill has also been expanding fast, using the merger route.

But the senior partner of Finnies, Mr Chris Benbow, does not see mergers as a satisfactory solution for his kind of firm (which has fee income of around £7m). That is why he is promoting the new Association of Practising Accountants as a body that might help to give medium-sized firms the commercial clout they lack at present.

A group of eight firms, in all, is initially involved. A full prospectus and articles of association are being drawn up. But it remains to be seen what relationship the new association, if it gets off the ground at all, will have with the Institute of Chartered Accountants. (ICA)

Last week it appeared that the ICA was hoping to keep the new body within its own framework. Its council is about to study a report by the Worsley working party on the institute's future structure and last week Mr Brian Jenkins, the institute's president, said the ideas being put forward by the medium-sized firms would be highly relevant to the new report.

One current issue that highlights the divergence of interest between large and small firms of accountants is the controversial government suggestion that compulsory audits might be dropped for small companies.

At least one leading firm, Touche Ross, has come out infavour of making such audits voluntary. But there is considerable concern about the proposal among small firms wo see a potentially serious threat to their bread-and-butter audit business.

# Manchester stakes claim as hub for world air traffic

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ANGLO-U.S. negotiators are sitting round the table in Washington this week in an effort to settle, among other matters, the future of a plan by American Airlines, one of the biggest U.S. airlines, to fly between Chicago and Manchester, from next spring.

The application is more significant for Manchester than perhaps for American Airlines. If the UK Government rejects the plan – which seems unlikely – American will look elsewhere on the European continent.

For the Manchester International Airport Authority it is a critical step forward in its own long-term plans to develop a wider range of services from the airport.

Mr Gil Thompson, chief executive of the authority, said acceptance of American's plan was a critical test of the Government's policy outlined in its recent White Paper (policy document) on airports. This provided for increased competition on international air routes and gave Manchester's attractions greater emphasis in future bilateral air service discussions.

Manchester's airport authority believes that its plans for expansion are justified because of its position in the heart of England, with more than 20m people and 60 per cent of the UK's manufacturing industry within 100 miles of the airport.

It has just completed a £20m scheme to extend the international departures lounge and arrivals hall, along with a new operations tower, and an £8m cargo facility is now being developed.

The airport now handles more than 6m passengers a year, and over 30,000 tonnes of freight. Tha passenger figure is expected to reach 9m by 1990, 12m by 1995, and 20m by the end of the century. Tha authority plans to spend an average of £20m a year over tha next 10 years, to gear facilities to meet this growth.

This will include a second major passenger terminal on which work is likely to start by 1988, to be ready in the early 1990s. By then, the authority is likely to have been privatised, under prospective legislation that will be introduced this autumn with the shares being owned largely, if not wholly by local authorities.

Already, plans are being made for the share of the airport at present owned by the Greater Manchester Council to be allocated among other local authorities, as a result of the Government's recent legislation abolishing the metropolitan county councils, of which Greater Manchester Council is one.

Manchester's plan is to turn the airport into a "hub," for a wide range of domestic and international services, both long and short-haul.

Many airports are now becoming "hubs" – that is, they offer such good facilities for making connections with other airlines that many operators and passengers deliberately use them as transit points.

Manchester believes it can become a hub in its own right, providing convenient connections between long-haul and short-haul services. It is already busier than the airports of some European capital cities – Brussels, Dublin, Lisbon, Oslo, Vienna. It now wants to develop further, to compete with such major European hubs as Amsterdam, Zurich and Frankfurt.

To do this, the development of air services and facilities must go hand in hand. To this end, the authority is discussing with the Department of Transport a five-year plan of routes development.

The Government needs to know what Manchester is thinking, because of its commitment, in the White Paper, to give greater emphasis to Manchester in future bilateral air negotiations.

This is especially so because the Government itself waots to see more "dual designation" – two UK airlines on specific long-haul routes – to increase competition, and Manchester believes that some of those routes should be allocated to itself.


GRAF

# Oil for Peace

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# Proposal to lift share ownership

By Peter Riddell, Political Editor

A DISTRIBUTION of shares in public utilities such as gas and electricity as a "free gift" to all their customers is among the options presented in a Social Democratic Party discussion document published yesterday.

The document, titled "Wider Share Ownership" has been produced by a working party of merchant bankers, finance directors and journalists chaired by Mr Jeremy Hardie, the chairman of National Provident Institutioo and of a number of City of London companies.

The group has proposed further incentives to encourage workers to take a share in their companies' profits as well as a form of unit trust scheme for share ownership.

The main proposals are:

- to boost profit sharing. Pay received as a bonus should be taxed at a concessionary rate, for example, 20 per cent, instead of 30 per cent, while companies which pay more than 5 per cent of their wage bill as such a bonus should get 10 per cent off their corporation tax bill.
- a minority, for example, 30 per cent, of the shares of monopoly utilities should be handed over to their customers. These shares would not be saleable but would carry dividends and voting rights. A proportion, say 10 per cent, of the utilities should also be owned by employees.

# MPs to investigate outlook in motor components industry

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AN INQUIRY into the future of the UK motor component industry is to be held by the all-party House of Commons trade and industry committee.

It promises to be the most wide-ranging investigation of the British motor industry since the trade and industry sub-committee inquiry in 1975.

The latest investigation was sparked off by the concern shown by a number of MPs when the Government asked BL's Austin Rover subsidiary to think again about spending £250m to develop and produce the K-series engine, a replacement for the A-series unit used in the Metro.

Pressure was put on Austin Rover to buy an engine from Honda instead, but some observers suggested this would be a devastating blow to the UK vehicle components sector.

In the event, the Government sanctioned the BL corporate plan – and the development of the new engine, but the Commons Committee apparently decided the time was ripe to dig deeper.

A wide range of vehicle producers and component suppliers have already been approached – including Nissan, which will begin assembly of cars in Britain next year.

Trade union and Department of Trade and Industry officials will also be invited to give evidence during the next parliamentary session.

After taking evidence for perhaps 15 weeks, the committee will produce a report and offer some recommendations for action.

More than 1,000 UK componeot and accessory manufacturers, representing well over £3bn of gross national product, are heavily dependent on the automotive sector.

They have suffered a savaga decline in business during the last 15 years as vehicle output in the UK dropped steeply, from the peak 1.92m cars in 1972 to 900,000 last year.

The trade balance in automotive parts and accessories has remained positive, however, even though there has been a significant decline. Last year the UK had a £429m surplus on its component/accessoriea trade account compared with £622m in 1983.

# Top earners increase headway under Tories

BY PETER RIDDELL, POLITICAL EDITOR

THE SALARIES and fees of the chairmen and senior directors of Britain's largest industrial companies have risen more rapidly than average pre-tax earnings since the Conservative Party came to power in 1979.

An analysis by the Department of Trade and Industry (DTI) of selected company accounts, published in a Parliamentary written answer, shows that the emoluments of the chairmen of the largest British industrial and commercial companies rose 76.3 per cent between 1979 and 1983 to £50,231.

Over the same period the emoluments of the highest paid director of these companies (where he is not the chairman) increased by 68 per cent.

Between 1979 and 1983 average earnings in the whole economy rose 62.7 per cent and the retail prices index increased by 49.8 per cent. Both the directors' and average earnings figures reflect the impact of ending the formal incomes policy in 1979.

Moreover, these figures considerably understate the widening gap in earnings between workers on average pay and top company directors. The income tax cuts, particularly in the 1979 budget, have meant that the take-home pay for those on well above average earnings have risen much more rapidly than that of those on average pay.

The DTI survey of companies covered 582 industrial and commercial bodies in 1979 but only 395 in a yet to be completed survey for 1983. This is part of the usual DTI analysis of company accounts which is mainly used to provide figures of balance sheets and sources and uses of funds.

In a letter to Labour MP Mr Austin Mitchell, Mr Alex Fletcher, under-secretary for corporate and consumer affairs, says that the results are not inconsistent with other reported findings.

The DTI survey covers independent companies and company groups with capital employed of more than £21.8m and whose main activities are other than insurance, banking and finance.

# Consumers 'want more labelling information'

By David Churchill

FOOD MANUFACTURERS and retailers were warned yesterday that consumers were increasingly prepared to switch brand loyalty in search of products containing more nutritional information on the label.

The warning came from the food policy research unit of Bradford University in a report on nutritional labelling. It follows the recent decision by the Ministry of Agriculture to press ahead with new regulations making it compulsory for certain foodstuffs to give basic nutritional information on the label.

The report, however, suggests that consumers are seeking even more information than must be disclosed.

The report suggests that consumers "will accordingly switch or strengthen their allegiance to those giving them greater opportunities to select and buy more healthy products in a more informed way."

The implications of this approach are clear, the Bradford researchers say. "Those who do not respond to the demand for greater information at whatever level along the distribution chain will lose their share of a lucrative and increasingly competitive market."

According to the research carried out for the report, there is a marked variation in consumer attitudes towards retailers and manufacturers over nutritional labelling. Supermarkets were seen as the most trustworthy source of helpful and unbiased information. Food manufacturers, by contrast, were viewed as self-interested and concerned only with selling more of their own products.

The Government was suspected by consumers of trying to influence peoples' aating habits.

*"Who is Shaping the Nutritional Label", published by Food Policy Research, Bradford University, Bradford, BD7 1DP, price £16.50.*

# Westland wins order

BY OUR AEROSPACE CORRESPONDENT

THE MINISTRY of Defence has placed a £13m order with Westland, based in Yeovil, west England, for seven more Lynx helicopters.

This lifts the number of Lynx helicopters ordered this year to 12 from the company which survived a takeover bid from Bristow Rotorcraft earlier this summer. Worldwide orders stand at 329.

The latest deal will help the company's work load over the next few months, whila it awaits the detailed report on its operations being prepared by a team from accountants Price Waterhouse. This is expected later this summer or in the autumn.

Until the report is received, Sir John Cuckney, who took over as chairman from Sir Basil Blackwell, and the board are not expected to take any decisions on the reorganisation of the company.

- Racal Avionics has won a £3m nrder from the Civil Aviation Authority for the supply of radio navigation beacons for the UK air traffic control system, both to meet new operational requirements and to replace existing equipment.


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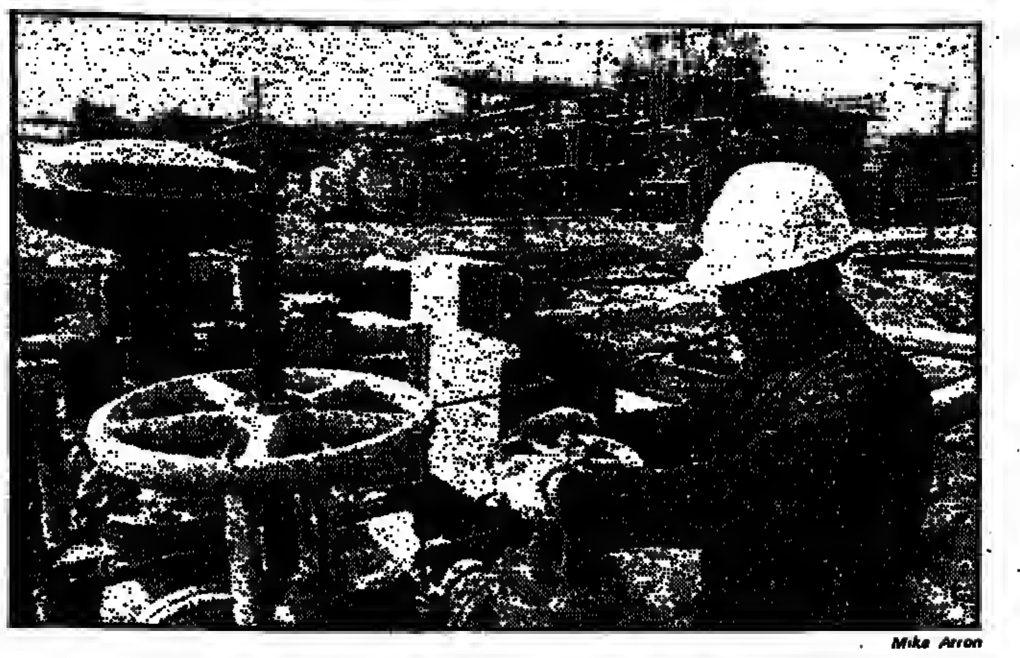
# MANAGEMENT

EDITED BY CHRISTOPHER LORENZ



Mike Arron

The Carrington chemicals complex: now operated with an unusual degree of worker flexibility

## A working culture is turned on its head

**Nick Garnett explains how a Shell plant was saved from closure**

SHOP STEWARDS and managers at Shell's Carrington chemicals complex, near Manchester, sat down together last month to sign a document and to have the event captured on photograph.

The expressions on their faces—ranging from controlled smiles through steely countenances to bemused looks on the faces of the union representatives—betrayed conflicting emotions.

That is hardly surprising. What the document effectively sanctioned was the shedding of 700 jobs, and the sweeping away of literally every artificial labour demarcation, but also the saving from closure of Shell's largest chemicals plant, at least for the foreseeable future. The ethylene, ethylene oxide and continuous derivative plants are being shut by polyethylene, polystyrene, polypropylene and the batch derivates plant will continue in operation.

The changes in working practices are not in themselves revolutionary. They are not dissimilar from those at tha company's Mossmorran site in Fife and at its St Fergus gas separation plant, and they bear a close resemblance to changes in methods introduced at Shell's Canadien chemicals complex et Sarnia, Ontarin several years ago.

What is striking about tha deal, bowever, is that flexibility far beyond the more common limited flexibility within craft groups has been brought into a relatively old British manufacturing site with a deep-rooted, tough and sophisticated, though non-militant union culture.

The structure of 14 craft trade groups like welder, plumber and lagger has been completely swept away. Three former grading structures for white collar staff, craftsmen and the Transport and General Workers' Union bave been fused into one. All non-management personnel, including clerical and catering staff are now classed as "technician" on a nine-grade pay system and three of the site's seven unions bave had their bargaining rights removed.

Just two principal grades of technician as well as a team of dedicated maintenance men to handle the more complicated maintenance tasks (like stripping the more complex pumps and servicing computer equipment) will run Carrington's process plant. Most plant technicians will work on a new six-month cycle—two months on days, four months on shift.

Though the workforce at Carrington has always operated much more flexibly than their union agreements supposedly allowed, no longer will a person who was once labelled an electrician have to wait for a rigger to set up the climbing frame before the electrician could change a lamp. As a result of redesigning jobs and extra training the company ie expecting to have every plant technician sufficiently skilled to handle about 80 per cent of traditional craftsmen'a work across all traditional trades.

The very real threat that the Carrington plant would shut completely with the loss of all its 1,200 jobs was the ultimate catalyst for the changes. What will be the eventual loss of over half of those jobs has been an unpleasant pill to swallow. "Those who are losing their jobs are frightened to death of the dole," says George Hollowell, tha TGWU's deputy convenor.

Carrington contributed more than a half of Shell Chemical UK's £200m losses between 1980 and 1984 and has been continuously threatened by overcapacity in the chemicals market, the coming on stream this year of Mossmorrah's ethylene plant (and a history of inadequate investment, say the unions; denied by management).

The new deal, called the Carrington Technicians' Agreement, was overwhelmingly accepted at mass meetings, however, and that was as much to do with the agreement's packaging as the axe that hung over everyone.

The yes vote was also facilitated by the fact that aach individual who voted did not then know whether be would lose bis job.

The package included a skilful communications exercise, e strong alternative job search programme for those who will leave the company, linked to an extension of the no-compulsory redundancy arrangements to April next year. It also incorporates very substantial retraining and big pay rises for many remaining on the site, although the reshaping of jobs makes comparisons of new and old rates meaningless.

A single site disturbance allowance varying from £552 to £1,650 a year replaces an army of one-off payments. These included 0.52p per shift for working with a cradle, 0.35p for operating 75 to 100 feet above ground and £20 for being called in when off-duty.

The new working systems have still to be tested at Carrington though personnel manager Tony Shaw and personnel advisor James Dorrian who did much of the negotiating for management are very confident of its success. "We'll manage flexibility in future," saws Shaw. "Wa are determined not to slip back into ellowing people simply to do what they feel comfortable doing. It's one bargain, one code of working and everybody does everything which their skills and knowledge allow them to do safely. Cultural and attitude changes are required. This kind of exercise requires clear vision on the part of management about the kind of working community you want to create."

One or two union officials seem less convinced. "I've got many reservations. It will not go as smoothly as the company's glossy booklets make out," says Ian Brown, the site's craft convenor who is standing in this month's electrical and plumbing trades union executive elections.

As with many of these mini-revolutions in plant cultures much of the initial block to change at Carrington was rooted in management's own structural constipation. Ian Thornley, Carrington's plant manager who has fought very hard for its survival, says that even in the lete 1970s, the site's then hierarchical management organisation was geared to growth in an industry that was shrinking.

Carrington had a bost of managing compartmeots like engineering maintenaoce, project and technical services departments and special administrative services, all of which have been hacked away in the past few years. "We've simplified the structure to the point where you realise you can take the next step and look at the grass roots organisation," he says. "We are trying to get a homogeneous eulture because we believe tbat that is the only kind of culture that will meet business needs."

At the sharp end of the business, the crucial chaoges revolve around the 24 teams to run the four operating plants under 24 managers. The company says the managers will be assessed oo tha way they manage attitudes and the agreement.

Apart from the teams of dedicated and specialised maintenaoce men, plant technicians will move back and forth between two months day working (where mainteoance work is done) and four months shift working where actual plant operatiog is more in the ascendancy. The existing four shift system is being switched to six.

The unions are counting beavily on the success of the newly-created so-called "job redevelopment unit." This is being managed and advice, counselling and job searching jointly provided by shop-stewards and managers who bave beeo trained for the task at ICI Fibres in Harrogate. A speciel booklet selling the skills of Carrington's workforce has been published for poteotial employers and Shell will pay relocation expenses where necessary. "If they cannot deliver on this it will bave bean shown to bave just been a cosmetic exercise," says Brown.

Thoogh the unions had no negotiating role in the agreement they eventually signed, the company appears to have taken care in handling the issue and trying to cope with its personal ramifications in a high unemployment area. Some £15m of new investment is being put in during the next two years.

Carrington still has to compete in a crowded market made even more claustropbobic by new Middle East chemical processing plants like those of Saudi Arabia. Nevertheless local management now seems much more confident. "We believe we bave got to a position where the site can survive and will survive," says Thornley.

British Airways

## 'The only show in town'

**David Brindle talks to the UK airline's director of human resources**

Nick Georgiades: steel beneath the theory

THE STORY goes that when Nick Georgiades was being interviewed for the post of British Airways' personnel director, he confessed to Colin Marshall, the airline's chief executive: "I have to tell you I know absolutely nothing about industrial relations."

Marshall is said to have replied: "Don't worry about it. Nobody knows everything." Georgiades got the job.

The anecdote illustrates BA's new-style approach to managing its 37,000 employees. Georgiades, a 44-year-old psychologist, has never previously held a post in industry or commerce. At BA, he is known as director, not of personnel, but of "human resources."

Asked why he chose to make the leap from academia and consultancy, Georgiades says: "Because this is the only show in town: because Colin Marshall is chief executive and because what he believes in is what I have been preaching over the last 20 years without ever finding anybody putting it into practice."

This creed was first made manifest in BA's staff training programme (see this page, April 24 1985). Instigated by Marshall and known as "Putting People First," the programme leid stress on personal development and motivation as the key to improving the airline's image and performance.

All staff, both in customer-contact and backroom jobs, have completed two-day Putting People First seminars; some have gone on to involve themselves in "Customer First Teams," investigating ways in which services can be improved.

Georgiades, who took up his post earlier this year, is now building on what Marshall began. The spotlight has been turned on BA's 1,200 or so managerial staff, who are undergoing a fresh training programme (called, inevitably, "Managing People First") and will soon be appraised and paid according to performance.

"We'll be telling them what we want them to do, how well they are doing it, and then pay them for it," says Georgiades. "The revolutionary thing is that we are not going to pay them for the 'what' of their performance, but for the 'how'."

Which is where the psychology comes in. For Georgiades's thinking is unencumbered by notions of productivity and flexibility, as such, but rather is rooted in concepts of "emotional labour" and—the constant threat—"emotional burn-out."

These are concepts which he used to deal with at arm's length: starting out as a school teacher in Reading, he moved via remedial education research into occupational psychology, becoming head of department at Birkbeck College, University of London, before taking up consultancy work in 1979. One of his clients was the World Bank; another was BA.

It was then that he diagnosed the key factor in BA's fortunes to be emotional labour—the work, neither essentially brain or brawn, carried out by the airline's 20,000 front-line staff in perhaps 150m daily inter-actions with customers.

The Putting People First programme has, in his view, helped to hone these inter-actions. The next task is to educate supervisors and managers so they are able to sustain the motivation of staff without putting them at risk of emotional burn-out—the occupational hazard not only of airline staff, but anybody under the continuous pressure of dealing with the public.

To attempt to convey this message at BA is to challenge, in Georgiades's view, a managerial ethos shaped and still influenced by two outside cultures: the military, particularly the RAF, from which many personnel came in the post-war period; and the Civil Service.

"Put those two together and you had an organisation that believed its job was simply to get an aircraft into the air on time and to get it down again on time. Things have changed, but this is still a challenge of a kind rarely offered to a director of personnel in this country."

The challenge is being met, firstly, through the nine-month management development programme, just under way. Every manager will attend a five-day residential course, structured on three "management issues"—clarity, feedback and team-work—and three "leadership issues"—trust, energy and commitment.

Following this will be implementation of a comprehensive appraisal system, currently being tested, which will assess the performance of each supervisor or manager according to the criteria set down in the training programmes.

The third stage will be appraisal-related pay, distributed as an annual bonus. Quite how hard cash will be geared to the "how" of performance, rather than any quantifiable "what," remains to be seen. However, the aim is to have the scheme finalised by next year.

In the meantime, and more mundanely, Georgiades faces what could turn out to be a baptism of fire in his first round of pay negotiations this autumn.

A two-year agreement, covering all BA employees, comes to an end at the turn of the year. Although profit-sharing has added a bonus worth some 6.5 per cent of salary to this year's 5 per cent rise, the unions are certain to be looking to drive a hard bargain in the run-up to the airline's privatisation.

Will it, then, prove to be a rude awakening for the psychologist and his strategies which erode collectivist thinking by empowering the individual to take the initiative at the workplace, to "invent the rule book" for the job?

Georgiades says: "When people are confronted with the stark realities, they are less interested in the collective than they are in their jobs." There is, it would appear, just a hint of steel beneath all that theory.

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## TECHNOLOGY

EDITED BY ALAN CANE

# Scramble to develop a clean-burning car engine

**John Griffiths** on the latest efforts to reduce exhaust pollution

EUROPE's car makers are now scrambling to develop engines that will meet strict new EEC exhaust pollution standards.

The first of these, for cars of over two litrea, comes into effect in 1968 and for cars of this aize manufacturers are resigned to using three-way exhaust catalysts to mop up emissiona of three main pollutants, nitrogen oxidea, hydrocarbons and carbon monoxide.

For smaller cars, for which the standards apply from 1990-1991, most manufacturers believe there is a better alteroalive to the calalyst, the "lean-burn" engine.

But the big car makers are having to struggle to push lean burn technology to the limits in order to meet the standards required. Now, bowever, a small research company believes it may have found an answer.

The principle of lean burn enginos is that they reduce emissions by burning a fuel mixture containing a much higher proportion of air to vaporised fuel than in conventional engines, say 22 parts of air to one of fuel instead of the usual ratio of 14½ to one. It may also be necessary to add a cbeap single oxidation catalyst to remove hydrocarbons.

The advantages of lean burn engines over conventional engines fitted with three-way catalysts are that they would use considerably less fuel and should cost less to produce.

Substantial progresa has already been made. Ford, for example, bas engines that burn a fuel mixture of 18:1 and by 1987 hopes to reach mixtures of betweeo 20 and 22 to one.

So far, however, lean burn engine development has concentrated on designing the cylinder head so that it swirls the fuel mixture to promote full combustion of very lean mixtures. In other words, the mixture entering the combustion chamber is made to rotate rapidly, so that when it is ignited, it burns quickly, offsettiog the slower burn time that would occur with a very lean mixture as the combustion flame seeks out fewer fuel droplets.

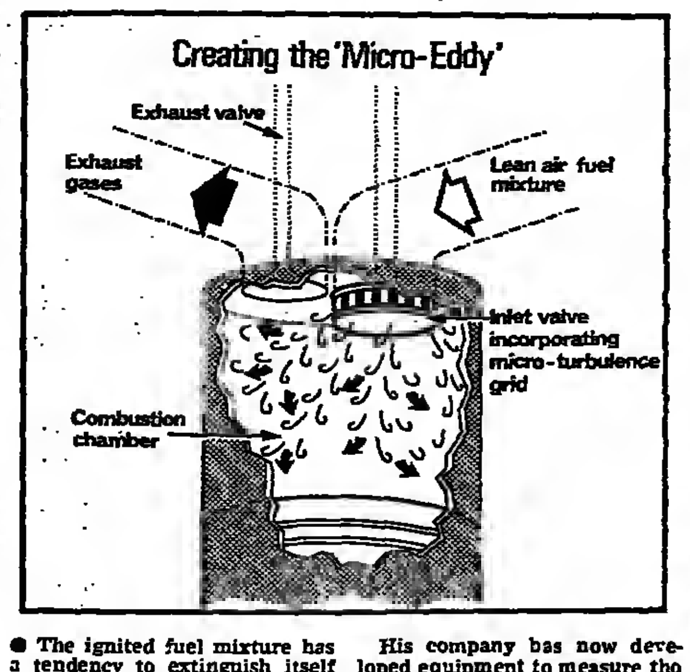
However, there are problems with the "swirl" approach. But now Epicam of Cambridge believes it bas overcome them.

Its solution is to install a turbulence grid (see diagram). This is mountod on the upper surface of the inlet valve, creating high-speed micro-turbulence in the mixture as it enters the combustion chamber. This eliminates problems caused by large turbulent eddies involved in both the "swirl" approach to lean burn engines and, to a lesser extent, in conventional engines, says Mr Tony Dye, managing director of Epicam.

He identifiea three problems with the swirl approach:

● Large eddies in the air-fuel mixture entering the chamber make initial ignition uncertain.

● The ignited mixture has a "scrubbing" effect against the combustion chamber, leading to increased beat loss.




● The ignited fuel mixture has a tendency to extinguish itself when it approachea the cylinder wall during swirling.

Each of these can suppress or delay combustion and lead to wide variations in the efficiency of each combustion cycle, as well as increase the emission of hydrocarbons. The problems exist in conventional engines and extra-lean mixtures only exacerbate them.

Many years' research into variations in cycle efficiency has formed the basis of Epicam's approach to combustion. The severity of problems created by cycle efficiency variations has not, Mr Dye says, been appreciated by manufacturers.

His company bas now developed equipment to measure tho variations which is capable of making 300,000 pressure records per second of tho combustion chamber.

Its cyclic efficiency analysis shows how large the variations can be, particularly at part throttle. The combustion flame, when trapped by large turbulent eddies, frequently experiences up to a one millisecond delay at 2,500 rpm. In that time the crank angle can move through 55 degrees, with tho result that combustion is only fully effective when the piston is on its downstroke, way past top dead centre, where compression is at a maximum.

The analysis showa combustion pressures vary dramatically — from between 500 and 200 pounds per sq inch.

Says Mr Dye, by generating many "micro-eddies" extremely lean mixtures can be burned with hardly any variation in the efficiency of each combustion cycle.

Development of the grid has thrown up a number of problems, bowever.

Not least was the fact that the design of early grids impeded the flow of mixture so much that 40 per cent power loss was experienced on a wide-open throttle. Even so, the test engines showed no more cycle efficiency variations with a 20:1 air/fuel ratio than a conventional engine showed at 14½:1, while fuel consumption improved by 15 per cent.

More recently, test-bed engines bave displayed considerable low-speed torque improvements, no loss of maximum power, and fuel economy gains of between 9 and 15 per cent depending on throttle opening.

More significantly, emissions of hydrocarbons and nitrogen oxides were very close to the new EEC standards. Further development, says Mr Dye, will bring them within reach.

The mainstream approach to lean-burn uses three types of swirl promotion within the combustion chamber itself: a swirl-inducing fence in the cylinder bead near the inlet port; "squish," in which the combustion chamber area is smaller than that of tho piston crown; and specialised shaping of the cylinder head.

Tony Dye does not believe that Epicam's approach is the only solution. But he says: "The industry really has not yet taken on board the cyclic variation lessons. When you look at what is actually happening inside existing engioes, considering that cars are sold as high technology products, it really is appallingly bad."

The problem with innovatory approaches by small concerns funded on a shoestring is the scepticism they attract.

How likely is it that companies like Ford and Volkswagen whose research into lean burn technology is eating up hundreds of millions of dollars a year, would miss such an approach.

The manner in which Mr Dye and Epicam have approached the research, and their bona fides for undertaking it, do, however, appear serious. Mr Dye's first paper on combustion cycle efficiency variations waa presented at a Society of Automotive Engineers conference in the 1970s, more bave been presented since.

Why then, does it seem that it is being passed over by the big manufacturers? In fact, says Mr Dye, Epicam is talking to at least two manufacturers about its turbulence grid, which has been patented, and he is not entirely pessimistic about something emerging.

Lean burn is a complex area of investigation and one where manufacturers, not surprisingly, are reluctant to pinpoint the state of their progress. However, the problems of combustion cycle variation are thought to be increasingly preoccupying Ford—although whether its approach to solving them is similar to Epicam's is unlikely to emerge for some time.


# Research groups seek MPs' backing

BRITISH MPs are to be invited to research centres around the country in an effort to inform them about the innovation process.

The invitations are from Innovation for Industry, a body set up by 45 research centres which aims to increase the awareness of public figures of technology developments.

"Most MPs are incredibly ignorant about research and development," said Dr Alan Rudge, managing director of ERA Technology, a contract-research company in Leatherhead, and chairman of Innovation for Industry.

"They have an image of innovation as a person looking like a mad professor suddenly having a brilliant idea, when in reality R and D is a professional, highly disciplined activity."

Innovation in Industry is backed by independent contract-research organisations which have put up £100,000 to fund the campaign.

The chief goal is to persuade the Government to formulate a strategy on industrial R and D, support for which, said Dr Rudge, is essential "if Britain is to have an industrial future."

Dr Rudge said that while Government and industry funds for research were being cut back because of financial pressures, Britain's industrial competitors such as France, Japan and the U.S. were increasing the cash they earmarked foc innovation.

According to the latest survey on research spending by the Department of Trade and Industry, industrial research and development outlays in Britain in 1983 totalled £4.2bn in 1983—a drop in real terms from the figure in 1981.

According to Dr Rudge, ministers are expecting too much from universities in increasing their links with industry, for instance through technology transfer centres.

Due to the decline in UK support of research and development, more of the activities of the professional research centres in Britain would be focused on work for overseas companies, says Dr Rudge.

Dr Rudge: Plea for cash

# Nasa offers $25m for materials research

THE U.S. National Acronautics and Space Administration is to provide up to $25m over five years for work on new techniques in space science and manufacturing.

Nasa officials are considering 21 applications for the cash from universities and other research bodies. The federal agency is due to designate within the next fow weeks between three and six of the organisations as advanced space institutes which will work in areas such as the manufacture of crystals or alloys in weightless conditions in space.

Under the Nasa plan, the institutes will receive funding from companies equal to the cash provided by the government.

The space agency hopes that by setting up the centres, engineers and scientists will again experience in many fundamental areas of space activities by the time the U.S. manned space station enters orbit in the mid-1990s.

The space station, due to be built with the help of other western nations at a cost of about $12bn, will provide laboratories and workshops for a crew of about eight people.

Activities will include examination of how the human body reacts to weightlessness, low-gravity materials processing (to make stronger or lighter alloys for instance) and investigation of the Earth's surface with high-resolution cameras.

According to Nasa officials, much basic work needa to be done in ground-based laboratories before studiea proceed in space. For instance, researchers may want to discover in Earth workshops more details about the molecular structure of, say, iron alloys before they attempt to modify it under zero gravity by techniques such as the introduction of new elements.

The Battelle Institute in Columbus, Ohio, is one of the organisations hoping to be chosen by Nasa as one of the space institutes. If chosen, Batlelle would receive a $100,000 grant from the State of Ohio.

Also supporting Battelle's proposal are 10 companies.

The institute says it would concentrate on research to support the manufacturing in space of items such as electronic materials, alloys, glasses, ceramics, polymers.

IMI
for building products, heat exchange, drinks dispense, fluid power, special-purpose valves, general engineering, refined and wrought metals.
IMI plc, Birmingham, England

# Cancer: an answer may lie in the soil

A JAPANESE pharmaceutical company has high hopes of using an antibiotic substance collected from soil as an anti-cancer agent.

The substance, called chromoxymycin, was obtained from a field near Osaka by a research team at Fujisawa Pharmaceutical.

Ten mice with malignant cancer cells lived longer when injected with the chemical, says the company. The substance is highly soluble in water and may act against cancer cells in some way by circulating in the blood stream.

Fujisawa plans further tests with animals and a series of clinical trials as soon as possible.

# New type of artificial slate

THE LONDON Chemical Company of Rickmansworth, Hertfordshire, is selling a new type of mass-produced slate which, the company claims, matches the appearance of natural slate.

According to the company, the new product, made from a blend of resins, quartz and fast-colour pigments, is virtually indistinguishable from the natural variety. The slates are made by Anatia Resins of March, Cambridgeshire.

# Electronic aid for the aged

AN ORGANISATION in Exeter is using a novel set of computer software to arrange places for elderly people in retirement homes.

The British Retirement Homes Register (tel 0392 76056) aims to match the needs of people wishing to find a home with the available vacant accommodation. The register keeps a list on its computer of details of nursing homes.

"THERE ARE THREE ESSENTIAL QUALITIES THAT MAKE A JAGUAR A JAGUAR."

Neil Johnson, Director Sales and Marketing, Jaguar Cars Limited.

"Sir William Lyons built the legend of Jaguar on what might well be called three pillars of marketing wisdom.

The first was engineering excellence, the second, style with sporting elegance, and the third, value for money.

As qualities essential to what makes a Jaguar a Jaguar, they are as valid today as they were in 1935.

In fact, they very neatly sum up our current marketing philosophy of ensuring quality and value wherever Jaguar is concerned.

Not unnaturally, this single minded policy has contributed greatly to Jaguar's success.

It has been applied right across the board and involves everybody connected with Jaguar cars.

From those who design, build and quality assure the cars, through to the people who sell and maintain them.

It can be seen from the fact that we are insisting on specialist dealers, dedicated to nothing else but the Jaguar marque.

We measure and develop their professionalism across all aspects of their business. From showroom, to used car display. From service department, to parts store.

We think that it's the only way of ensuring that our customers get the same excellence in the attention from their Jaguar dealer as they do from a Jaguar itself.

Our determined drive towards assuring quality in all aspects of our business is also reflected in worldwide demand for Jaguar cars.

A demand that encompasses the entire range, from the Jaguar XJ6 3.4 Saloon, to the Jaguar XJ-S HE.

One consequence of significant importance to our customers is that our success is now being reflected in higher residual values for all used Jaguar cars.

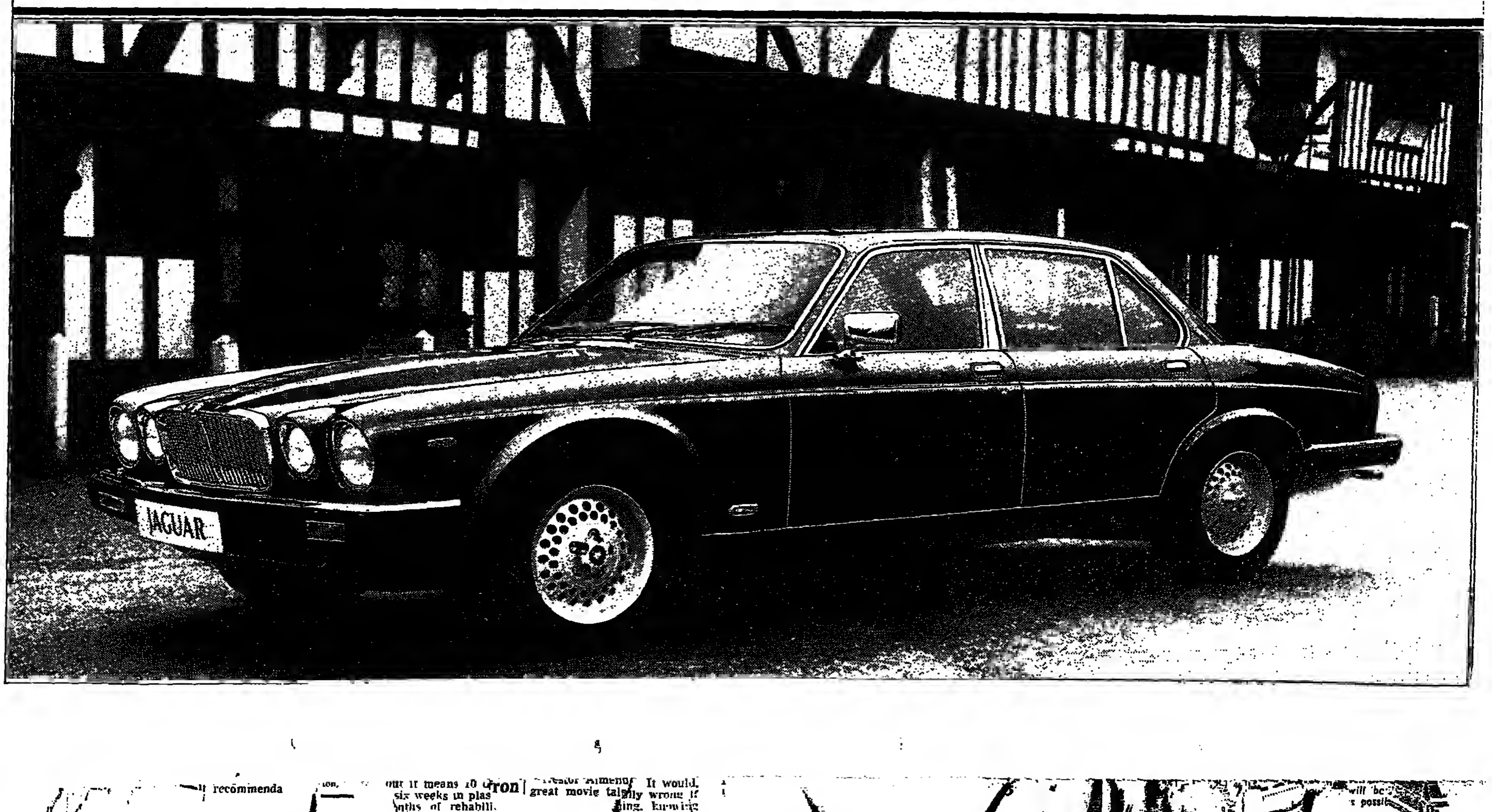
Our prime responsibility is to ensure that the success of Jaguar continues unabated.

We must make sure that any Jaguar customer, anywhere in the world, takes delivery of a car that meets his every expectation.

So that, from the very first moment he begins to relax in the quiet ambience of figured wood and leather, he begins anew to appreciate Jaguar's engineering excellence, style, sporting elegance and value for money.

After all, it makes commercial sense to take heed of the wishes of customers, and the experience of the company's legendary founder."

JAGUAR The legend grows



Television/Godfrey Hodgson

# Looney tunes and the First Amendment

There was talk of the BBC showing *All the President's Men* in the hole left by the censorship of the controversial documentary, *At the Edge of the Union*. The gesture would have been appropriate. The film's romanticised version of the part played by investigative journalism in the downfall of President Nixon should be taken with a pinch of salt.

Yet the U.S. Constitution does guarantee freedom of speech, to journalists as to others. "Congress shall make no law," says the first clause of the American Bill of Rights, ". . . abridging the freedom of speech, or of the press." The Founding Fathers—who included journalists of genius like Thomas Jefferson, James Madison and Benjamin Franklin—believed that a free press was an absolute necessary safeguard to the liberties of their new Republic. The climate with regard to the proper rights and responsibilities of journalism has remained profoundly different in the two countries ever since. Non-journalists in the United States concede rights to journalism that even journalists in Britain do not always ask for.

It is interesting that Sir William Rees-Mogg, the only journalist on the BBC's Board of Governors, was in favour first of the governors seeing the film, in breach of practice, then of not transmitting it; the same Sir William, as editor of *The Times*, strongly criticised the American press for its Watergate investigations.

The fundamental cause of this week's disaster for the BBC lies in a cultural clash between those in the BBC (and most other journalists in television and some, though not all, in newspapers) who believe that the freedom of journalism has such value to society that it must be protected; and those to whom other things—indeed, some seem to believe, everything else — comes first. The Home Secretary's letter to the Chairman of the BBC governors may be the most naked censorship of the BBC since the General Strike; it has certainly done catastrophic harm both to the BBC's internal morale — already frayed by the licence fee decision—and to its reputation around the world. The reasons he gave for it are even more alarming for those who value the BBC's independence.

Mr Brittan makes four points specifically. First, fairness is irrelevant; it doesn't matter how fair the programme is, he is still against it, and he doesn't need to see it, only to be vaguely aware of the area it deals with, to feel justified in demanding its suppression. Second, he is unconcerned whether the film does or does not help the IRA to recruit support. Odd: the reason for denying terrorists the "oxygen of publicity," one would have thought, was to deny them support. Not, apparently, for the Home Secretary.

**'Any argument would do to stop the BBC showing the film'**

He wanted the film banned because, three, it might raise the morale of the IRA. He was apparently unconcerned by the danger of its raising the equal and opposite morale of the IRA's Unionist enemies as represented by Mr Gregory Campbell. And, four, the film might alarm the populace, or perhaps frighten the horses. Little serious journalism in a frightening world can pass that test.

Almost any argument, it seems, would do to stop the BBC putting out the film. The least one can say is that Mr Brittan's letter is a graphic reminder of the lack of any First Amendment tradition with a presumption against censorship in this country.

The lack of such a tradition in Britain is the underlying cause of the disaster that now threatens the BBC. But there have been plenty of intermediate causes. In fact, Mr Brittan's letter, like the executioner's axe, comes as the almost impersonal culmination of a tragedy which half a dozen strands of causation have been weaving for 20 years. Here are some of them:

● The gap that opened up between the culture of current affairs and politicians. Television news and current affairs journalists have mostly been recruited as graduates, to a large extent Oxbridge graduates. They saw television, not only as a relatively well-paid and interesting career, but also as a high professional calling with ideals, rights and responsibilities at least as serious and important as those, for example, of lawyers, from whom the present Cabinet is so largely recruited and whose training inclines them to look to the protection of private interests and of the state, not to the amelioration of society. In this sense, not in the sense that any great proportion of them ever had much sympathy for Marxist ideas, television journalists have been predominantly aligned with the liberal Left. Carry the lamp to the back of the cave, let the people make up their own minds. Those were the slogans and the shibboleths of the "current affairs culture."

● Politicians resented the arrogance of journalists' pretensions as much as their manner. They were, however, aware of television's power, and they were afraid of what it could do to them. While the Labour Party was highly suspicious of the BBC, and one of the first confrontations came over a BBC film that was disrespectful towards Labour politicians (*Yesterday's Men*, 1971), the Tories hated the BBC even more bitterly. They saw it as the very citadel of a sub-culture that was ideologically opposed to them, and moreover unimpressed by elected politicians, even when they were Tories.

● Inflation bumbled the Corporation's pride. As long as the BBC could live within a licence fee income voted by Parliament at long intervals, it could afford to think of itself as independent. As soon as inflation meant that it had to go to Parliament at frequent intervals, cap in hand, the BBC was at the mercy of the politicians, and they were swift to exact their revenge.

● It has been a long time since the BBC was run by anyone who even approximated to the stereotype of the liberal journalistic culture described above. Sir Michael Swann and Sir Ian Trethowan were known for their Conservative sympathies, and Mr Alasdair Milne is scarcely regarded within the BBC as a dangerous radical. But the issue has moved on. To the new breed of Conservatives, the BBC is offensive not merely because it is disrespectful or suspected of Left-wing views. It is suspect also precisely because it is a public corporation.

**'The BBC is at the mercy of politicians who want revenge'**

The BBC, after all, faces the Peacock Inquiry because the Government feels that its present status and financing arrangements need scrutiny. If it is assumed that British Telecom, British Gas, British Airways will "work better" in private hands, why not, then, kill several birds with one stone, and privatise the BBC? That might uproot the offending journalistic culture, save public money, and perhaps incidentally offer profitable tit-bits to reward faithful allies in the media.

● Looney tunes! President Reagan did nothing to exact the "retribution" he had promised on terrorists like those who hijacked a TWA plane with Americans on board. But he *did talk*, most notably in his speech to the American Bar Association. He insisted that terrorism was being organised by "looney tunes" (an approximate rendering of the nursery flavour of the phrase in English English would be loopies") from Cuba, Nicaragua, Libya, North Korea and Iran—a proposition neither Martin McGuinness nor Greg Campbell would take very seriously.

Not to be outdone, Mrs Thatcher, in *her* speech to the American Bar Association, made her remark about the "oxygen of publicity," a phrase which might apply to coverage by ABC, CBS and NBC news of the Beirut hijack, but which hardly applies to Martin McGuinness, an elected member of the Northern Ireland legislature, even if he is, as the *Sunday Times* says (interestingly no British Government source is willing to confirm), the chief of staff of the IRA in Derry or in the province as a whole.

Mrs Thatcher's implacable hostility to the IRA is understandable after the death of Airey Neave and the Brighton bomb. It is shared by all but about a quarter of million of the British population, and it would have been deepened by the experience of watching the irrational hatreds that lie *At the Edge of the Union*.

The interweaving of the chains of causation sketched above suggest that the banning of the film, with the appalling damage it has done to the BBC, had little to do with Northern Ireland. It is the fruit of a long and on the whole unworthy quarrel.

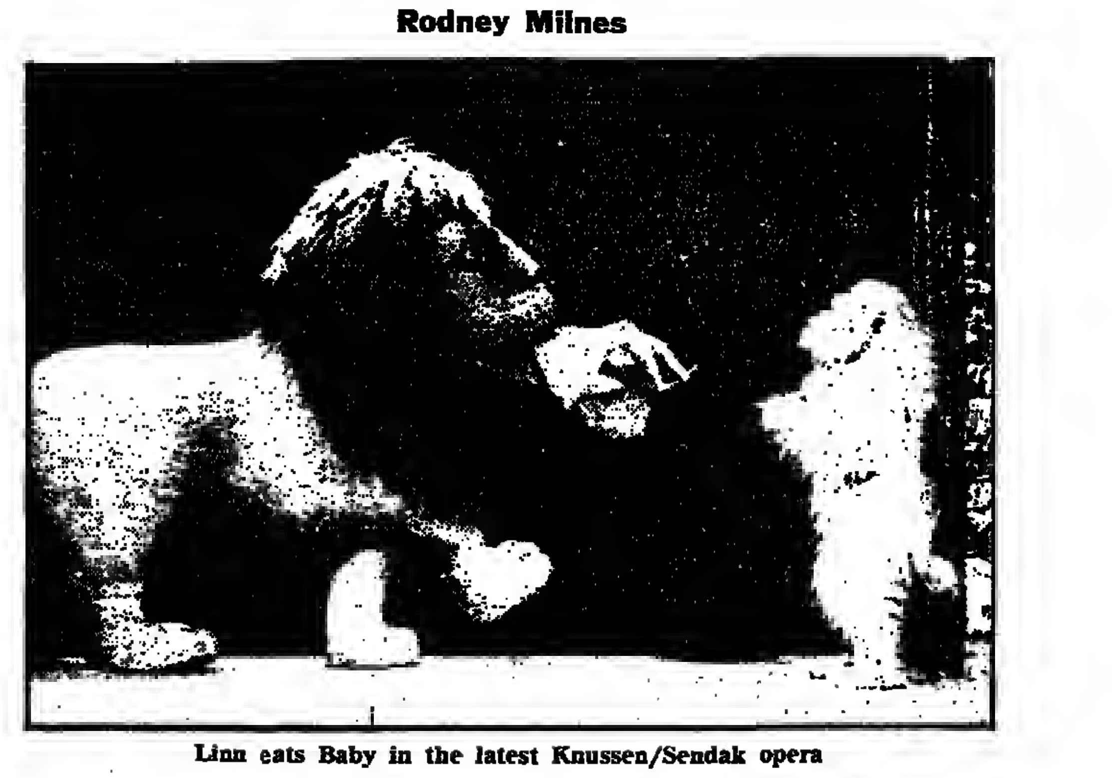
## Soloists for Britten premiere

The soloists who will perform the premiere of Benjamin Britten's last work, *Praise We Great Men*, which is being performed as part of the Third Rostropovich Festival at Snape Maltings, Aldeburgh on Sunday August 11, will be Heather Harper, Marie McLaughlin, Philip Langridge and Richard Jackson.

The Philharmonia Orchestra and Chorus will be conducted by Mstislav Rostropovich.

## Higglety Pigglety Pop!/Glyndebourne

**Rodney Milnes**



Lion eats Baby in the latest Knussen/Sendak opera

Oliver Knussen's companion piece for his successful Sendak-based one-acter *Where the Wild Things Are* was premièred incomplete on last autumn's Glyndebourne Tour. Whether that performance or last Monday's, staged at the end of the Summer Festival, will count as the official première is something over which future operatic lexicographers will cheerfully dispute. In the event the second première, which started 20 minutes late and was audibly still being rehearsed as the audience assembled, also appeared to be incomplete to judge from the programme synopsis; a missing interlude caused one of rather too many hiatuses on stage that characterised a decidedly uneasy evening.

Even in near-complete form, *Higglety* is a difficult piece with which to get to grips. The story of the Sealyham Jennie's quest for worldly experience and then immortality in the Mother Goose World Theatre plainly meant much to Maurice Sendak, the adoring owner of the late terrier in question, but the inconsequentiality of the narrative, acceptable in picture-book form, transfers uneasily to the theatre. Knussen's pacing is too even and the actual plotting of event oddly unclear: when precisely *does* Jennie depart for the Big Dog-Basket in the Sky? Yet the quietly elegiac mood that informs the work is undeniably affecting to adults who are sentimental about animals — thus ensuring a certain measure of success in this country — if not to children, who might well grow impatient with it.

The music heard for the first time included a delightful folk-like song to piano accompaniment for Jennie, and the complete Night Scene — a fine inspiration for all its affectionate indebtedness to Ravel and Britten — though over-amplification of the Ash Tree's voices on this occasion robbed it of some of its poetic atmosphere. We must take it on trust, incidentally, that the that the operatic tradition of reading letters as spoken dialogue, here extended to a telephone conversation, was being consciously followed rather than constituting further evidence of incompleteness.

The strongest impression left by the performance was of Knussen's brilliance as an orchestrator, brilliance that despite the London Sinfonietta's tactful playing under the composer himself caused some problems of audibility (again, tolerable for adults, less so for children). The cast, for whom the period of preparation must have been tricky, deserve nothing but praise. The way that Cynthia Buchan (Jennie) projected character through an all-over costume and full mask was tribute to her outstanding gifts as a physical actress, and she also sang most expressively and projected more than most in the way of text. Her Jennie was a most touching creation.

Too much of Deborah Rees's role was disembodied for much in the way of words to get across, but she carolled prettily; Neil Jenkins (admirably clear), Rosemary Hardy, Andrew Gallacher and Stephen Richardson (voice of the Lion, roaring in terrifyingly amplified *Sprechgesang*) completed the cast. Sendak's decor looked lovely but must have been difficult to work — creaks, squeaks and thumps were in fierce competition with Knussen's score. The physical Lion was a technological triumph to match the Wild Things. Frank Corsaro produced.

*The Wild Things*, played after the interval, is a far stronger, more solidly constructed piece, and wove its customary spell despite more than its fair share of mishaps (one of the monsters tumbled over and had to be helped up by extras). Indeed, it was sad to see evidence of under-preparation and technical uncertainty at Glyndebourne, of all places.

## Singin' in the Rain/New York

**David Vaughan**

In the last two or three years, Twyla Tharp has choreographed not only such successful works for her own company as *Nine Sinatra Songs* and *Fait Accompli* (shown in London two years ago as *Untitled*) but also the best new classic ballets presented by American Ballet Theatre (*Bach Partita*) and New York City Ballet (*Brahms-Handel*, in collaboration with Jerome Robbins). Looking for new worlds to conquer, she has turned to the Broadway musical. Typically, she jumped in at the deep end and took on the dual task of directing and choreographing the New York production of *Singin' in the Rain*. The show opened last month after a much-extended preview period, during which it was widely reported to be "in trouble." The final version certainly shows signs of having been much revised—gaping holes in the continuity that are barely papered over, numbers that come out of nowhere.

Tharp has said that she refused previous offers of Broadway shows because the scores were not worth bothering with. *Singin' in the Rain* has the advantage of songs by Arthur Freed and Nacio Herb Brown that were mostly written for old MGM movies and pressed into service again in the 1952 movie of the same name. Less helpfully, the stage show also uses the movie's plot and some of its dialogue, by Betty Comden and Adolph Green, and even much of the original choreography by Gene Kelly and Stanley Donen.

Tharp has always been willing to acknowledge her debt to earlier choreographers and dancers, from Balanchine to "Bojangles" Robinson, but the decision to reproduce so much of Kelly and Donen's work as faithfully as possible in another medium has prevented her from putting her own stamp on this show. Given the audience's expectations, perhaps she had no choice—they clearly want to love this show and to have their memories of the movie confirmed, applauding all the familiar songs even when they are played in the overture. No doubt people would be disappointed if the hero did not go sloshing about in puddles to the title song. But others—"Make 'em Laugh," that shameless plagiarism of Cole Porter's "Be a Clown," the vaudeville number "Fit as a Fiddle," or "Moses Supposes," with its cruel baiting of the prissy vocal coach — could have been dispensed with.

True, Tharp has contributed some numbers that are unmistakably her own. There is a witty and affectionate pastiche of early sound film production numbers like "The Wedding of the Painted Doll." And one is thankful that Tharp has not felt it necessary to attempt to replicate the overblown and anachronistic "Broadway Ballet" that is the worst feature of the original movie. Instead, she has staged a wonderfully absurd scene with strutting peasants (who look rather like refugees from the film of *Amadeus*, also choreographed by Tharp), initiated into the mysteries of tap dancing by the "dancing cavalier."

As always, Tharp has picked her collaborators shrewdly. The sets are by Santo Loquasto and the lighting by Jennifer Tipton, her long-time associates. Ann Roth's costumes are in authentic '20s style rather than the '50s version seen in the movie. The clever film sequences are by Gordon Willis, Woody Allen's cinematographer on *Zelig* and *The Purple Rose of Cairo*. The leading actors, Don Correia, Mary D'Arcy and Peter Slutsker, are accomplished dancers and singers and wisely do not attempt to impersonate Kelly, Debbie Reynolds and Donald O'Connor respectively.

The biggest ovation on opening night was for Faye Grant, who is sensational in the role of the dumb blonde, Lina Lamont. And nearly a dozen of Tharp's own dancers crop up all over the place, not always in dancing roles.

One can't help feeling that with all this talent there could have been a really good original show, instead of this elaborate act of homage to a movie that was overrated in the first place.

Alastair Muir

Geoffrey Hutchings in the RSC's "The Desert Air" which opened last night at The Pitt

## Frikzhan/Young Vic Studio

**Martin Hoyle**

Funded by Camden and sponsored by Texaco (curious bedfellows, ideologically speaking), the indefatigable Michael Croft's brainchild, the National Youth Theatre, is back, as big, bouncy and ambitious as ever. A season that includes two major Shakespeares — the open-air *As You Like It* marking the company's Regent's Park debut — and Brecht, has opened with a prizewinning two-hander from 20-year-old Marius Brill. The Texaco competition jury, no less than Mr Croft himself, obviously has the trufflehound's nostrils for sniffing out real talent.

A DHSS official questions the claimant he has reason to believe is receiving benefit for a non-existent wife. The official is black, the claimant a white ex-policeman. The play rises to a climax as each remembers the 1981 Brixton riots, soliloquising on either side of the darkened stage to the sounds of violence. The predictable revelation—it was this policeman who tortured the black and left him with a useless hand — is less important than the men's reaction to it. The black rejects the state system (as he sees it) of fostering hatred, ignores the chance of revenge, and almost contemptuously connives at the claimant's lie.

The writing is sufficiently powerful to make one wish that Mr Brill had not plumped for the simple conspiracy theory. "We are not what we are but what we are taught to be" overlooks the instinctive human factors that provoke antipathy, incomprehension and suspicion. Racial tension often has deeper and more tangled roots than manipulation by Them for Their own purposes.

The dialogue is strong without being rhetorical and, unusually in a young writer, can be gently introspective as well as angry—as when the thuggish white man speaks wistfully of the wife, intelligent and articulate, who incredibly chose him but has now left him; and the black man remembers the mother who drudged for London Transport.

This finely written play (but a fraudulent claimant is surely not accused of *libel*?) touches on the power we have over one another as individuals and the power the state has over us all; how it can be abused and how this abuse can be resisted.

Mike Alfford's production evokes strong and natural performances from Dhobi Newman as the official and Niall Refoy, the claimant. All power to the collective elbow of Texaco and Camden; and all shame to the obvious fund-dispenser whose ivory tower at Piccadilly (cf. the Buxton Festival) must give a very misty view of what is valuable, lasting and worth nourishing for the future.

## Julia Margaret Cameron exhibition

The exhibition of Victorian photographer Julia Margaret Cameron's work, which has been on tour internationally, will be seen at the Victorian and Albert Museum from August 14 to October 6 in the Photo Gallery, Henry Cole Wing.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 2–8

## Theatre

### NEW YORK

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**Dreamgirls** (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

**Brighton Beach Memoirs** (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

**Sunday in the Park with George** (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

**La Cage aux Folles** (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

**Torch Song Trilogy** (Helen Hayes): Harvey Fierstein's touching and funny recollections as a drag queen add up to the best histrionic Sarah Bernhardt role on Broadway today. (944 9450).

### LONDON

**Sweet Bird of Youth** (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

**Noises Off** (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

**On Your Toes** (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

**42nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

**Me and My Girl** (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit, with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

**The Government Inspector** (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

**Barnum** (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

**Jumpers** (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

**Richard III** (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, credit cards 638 8891).

**Pravda** (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

**Breaking the Silence** (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

**The Mysteries** (Lyceum): The theatre of Henry Irving and Joe Loss restored for theatrical performance after 40 years. Bill Bryden's NT production in three parts is not to be missed, one of the great events of recent years. All three shows played on Saturdays for this limited run. (379 3055).

**Guys and Dolls** (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

### NETHERLANDS

**Amsterdam**, Stadsschouwburg. Yukio Ninangawa's samurai version of Macbeth, with Mikijiro Hira in the title role, and Komaki Kurihara as Lady Macbeth. (242311).

### SPAIN

**Santander**, Plaza Porticada. Lindsay Kemp Company. The Scottish mime actor in Flowers, a lyrical celebration of humanity. (210308).

### WASHINGTON

**Count of Monte Cristo** (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

### TOKYO

**The Diary of Anne Frank.** The Japanese version of a musical based on the original diary, and directed by Kim Grant, stars Jun Anna, Kegumi Asaoka (as Anne), Akira Onodera. This seems an unsuitable subject for a musical but a relative of Anne Frank has given the project his blessing. The Geijutsu Theatre, (591 2333)

## The Damnation of Faust

**Andrew Clements**

What exactly *should* be done with *The Damnation of Faust*? Berlioz's "dramatic legend" stands unashamedly in the no man's land between symphonic concert piece and opera, as uncaring of the problems it sets performers as it is of the hackles it raises among Goethe lovers, who feel a German masterpiece has been hijacked by a Frenchman for his own nefarious ends. Perhaps a Prom in the Albert Hall could offer a solution, something along the lines of the concert performances of Glyndebourne productions that have become such a welcome feature of each season — a presentation with just enough trappings of the theatre to lift it out of the ordinary.

Monday's account, however, was straightforwardly staged, with scarcely a nod towards theatricality. The Albert Hall was well filled with massed choirs — the BBC Singers and Symphony Chorus, the London Philharmonic Choir, Pro Music Chorus, Finchley Children's Music Group and the St Angela's Singers — with the BBC Symphony Orchestra conducted by Mark Elder and an excellent quartet of soloists.

I cannot quite report that such austerity left this unruly chimaera undimmed; long stretches were cool rather than rapturous. Mr Elder's proven flair for dramatic intensity in the opera house was only fleetingly in evidence here; having secured unfailingly attentive playing from the BBC SO he never quite gave the orchestra its head, so that the delicacy of such sections as the Ballet of the Sylphs made more of an impact than conventionally rowdy passages: the Hungarian March for once seemed almost deliberately underemphasised.

If the conductor's honourable purpose was to draw attention more towards the text and to his soloists' presentation of it then Neil Rosenshein's Faust was not the happiest choice. Nelson — er, Kenneth Riegel is not the most mellifluous Faust one could imagine; at times his singing above the stave has to be taken as read. But his most careful detailing of the French lines and his concern for their sense were a constant delight. As Marguerite, Sarah Walker also savoured the full value of every phrase, preserving a cool, beguiling detachment that made one hang on every note.

There was broader characterisation from Richard Van Allan in Brander's song, and a splendidly ribald fugal chorus to follow it, while Pierre Than brought his finely tuned Mephistopheles again to the Proms. Here was one singer who surely regretted the rather clinical presentation; the hints of stage business that he introduced were shrewd and never overdone, but they did underline the absence of some kind of visual component in what was otherwise a thoughtfully conceived and executed evening.

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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# Labour half way there

THE statement published by the Labour Party yesterday, A New Partnership, A New Britain, is, in its own words, intended "to set the political agenda for the next election."

In many ways it is an advance on any major document to come out of the party in recent years. To take one small, but significant, example, it is brightly produced. There are photographs, tables and cartoons, and the text is relatively short and simple.

The key words are ones which could well become popular in a period of prolonged high unemployment: partnership, fairness and co-operation. Labour, in short, may be coming out from its past, not just in the opinion polls and by-elections, but also in policy and presentation.

### More accountable

Far more interesting than the inclusions are the gaps, of which there are several. For instance, the statement makes no wholesale commitment to re-nationalise what the present Government has privatised. Instead it says public enterprise "must be made more accountable to its workers and more responsible to the community it serves. We intend to come back to this issue and come forward with proposals in the next year."

There is no pledge either to repeal the whole of the Tory Government's legislation on industrial relations and to revert to the position before Mrs Thatcher took office in 1979. Rather there is something more subtle: a pledge to repeal what is called "divisive trade union legislation and replace it with positive legislation."

Mr Neil Kinnock, the Labour leader, suggested yesterday that that meant ensuring the worker's right to strike rather than a straight reversion to the *status quo ante*. Clearly the party is becoming more pragmatic. It is also clever in not giving too many detailed hostages to fortune in advance. It has recognised the dangers of promising too much. And since the next election is likely to be two years or so away, it has time to develop its thinking as well as its plan of campaign.

It will need all the time available, however, if it is fully to catch up with the present, let alone dominate the future. The statement still contains an excessive amount of baggage that would have been better discarded in the 1960s.

It is not true, for example, that "UK productivity growth has lagged behind the rest of the industrialised world . . . because investment has been too low." Investment recently has been running at record levels. Public investment, measured against the country's ability to pay for it, has been high for years.

Mr James Callaghan, when he was Prime Minister, acknowledged that the notion that problems could be resolved simply by throwing money at them should be abandoned for good. Previous Labour governments had no more success either with the direction of investment; nor did the Conservatives in the period 1951-64. Witness the near collapse of the British car industry and the over-investment in the British steel industry with all its attendent problems today.

The Labour Party under new leadership still tends to believe that the old, tried and failed remedies should be tried yet again. There is a plea for more regional policy, for the restoration of exchange controls and a "strategy for fair wages."

"We must end low pay and reduce insecurity, especially for public sector workers," the statement says, "by establishing agreed comparability mechanisms." Nowhere is it defined how that can be achieved.

While insisting that public expenditure cannot be allowed to get out of hand, there is the following giveaway line: "We hope that local authorities will have expansion plans ready for when the Labour Government takes office." A quicker way back to the problems of the mid-1970s can scarcely be imagined.

We do not doubt the party's sincerity. We do wonder however, about its naiveté in trying to behave as if the failures of the past did not exist. It is as if it believes that one more round of reflation, one more dose of Keynesianism, one more strengthening of the National Economic Development council, one more shot at state planning would do the trick.

It is particularly ironic when socialist parties in other countries, such as France or New Zealand, are beginning to think more about market economics. Labour at present is barely half way there.

# An autopilot for Singapore

SINGAPORE'S leaders talk of igniting the second stage of the 25-year-old People's Action Party rocket. They are referring to the transition between the Government of Mr Lee Kuan Yew and his younger successors—men like Mr Goh Chok Tong, 44, the first deputy Prime Minister, Mr Tony Tan, the Education Minister and the Prime Minister's son, Mr Lee Hsien Loong, 33.

Yet at this critical juncture the economic thrust of the Singapore rocket has failed. In the past five quarters the rate of growth of GNP has petered out from 10 per cent per year to zero. The Government fears that this is due to more than just an unfortunate confluence of sectoral problems. It has appointed a high level committee, including Mr Lee's son, to diagnose the deeper reasons for the rocket's failure.

The committee's interim findings focused on business costs in Singapore, which it found had been rising far more quickly than in competing Asian countries, and more quickly than productivity. The Government promptly responded with a package of measures designed to cut these costs.

This interim solution in itself marks a reversal of policy. The original development plan for Singapore in the 1980s embraced an increase in labour costs. Indeed, it imposed these increases on Singapore's businessmen, with the aim of pushing the Singapore manufacturing and service sectors up market.

Had the Singapore growth rate held up, the cost figures pinpointed by the committee would presumably have been regarded as a victory rather than as a problem, but after a period when Singapore appeared to be "raising its game" the self-imposed handicap caught up with it.

The committee could well conclude that what Singapore needs in the second stage of its post-war flight is an entrepreneurial economic heart developed from within rather than one inserted from above or imported from without. Substantial parts of the Singapore economy, particularly in the manufacturing sector, have either been created by the authorities on a grand scale or enticed in by them from abroad.

It is a fact of economic life that dirigisme becomes harder to get right as the relative wealth of a country's labour force increases. Singapore's per capita GNP of over $6,200 (£4,530) now exceeds that of a number of EEC countries.

Equally, it may be worth rolling out the red carpet for foreign investment in a backward nation badly in need of Western management skills, technology and capital. But it can become a source of instability if carried to excess by a small and wealthy state like Singapore—particularly if the government has its own firm ideas of what foreign manufacturers or banks are there for.

The way Singapore's savings flow does not help the emergence of a diverse, entrepreneurial economy in which foreign and government investment are a useful component rather than a driving force. The government imposes substantial forced savings on its people through a Central Provident Fund which takes 25 per cent of wages from employees and the same amount from employers.

Since the government runs a budget surplus a large amount of this fund is invested abroad — largely with a less frugal government across the Pacific. At the same time, there is substantial fiscal discrimination designed to persuade foreign investors to put their money into Singapore from overseas.

### Venture Capital

This sketch is simplistic but it suggests that Singapore's investment flows should be short-circuited to nourish a market economy of a more home-grown variety. In particular the economic committee should examine the idea of "privatising" substantial enterprises which the government currently controls—Singapore Airlines is an attractive example—to deepen the intrinsic appeal of the Stock Exchange both for Singaporeans and the foreign financial community.

It should back the creation of a venture capital market to finance more indigenous manufacturing and high-technology enterprises. And it could consider modifications to the forced savings system to free the flow of necessary funds.

UK industrial relations

# A new pattern which should not come unstitched

By John Lloyd, Industrial Editor

● Old-style confrontation . . .

. . . and the new spirit of co-operation ●

WILL IT last? That is the question most managers have asked at some point over the past few years: will this period of relative managerial power over labour go the way of all things with a tighter labour market, or another Labour Government?

Or has there been a cultural-cum-industrial (even cum-historical) shift in the British "system" of industrial relations which means that, whatever we were like before, we will not be like it again?

There is no proof either way, no answer at the back of some industrial relations textbook. But the available evidence points to the latter proposition: to the existence, in the "system" of elements which are fundamental enough, and recognised as being fundamental enough, to roll the old industrial relations wagon off one set of rails onto another. The destination, of course, is as unknown as it was before.

The man credited by many (including himself) as being an architect of the change thinks the change has indeed happened but he is characteristically sardonic about it.

Says Mr Norman Tebbit: "I don't think it's been quite enough yet—unfortunately too often it's been if not a deathbed conversion, a sickroom conversion. But I notice, going around such unlikely spots as shipyards, that the atmosphere between shop stewards and managers is quite different from what it was four or five years ago. Then in most cases, it still was rather the management dining in the oak pannelled boardroom which had been there since there were paddle-wheeled steamships, with the luscious lunch and the glasses of port—and the blokes outside eating their sandwiches who were blamed for everything. There now does seem to be a much closer feeling between the guy who's managing the yard and the blokes who are representing the workforce."

Note the shift in Mr Tebbit. Two years ago, before leaving the Department of Employment for his present billet at the Department of Trade and Industry, he was not known for his "what about the workers?" statements. His legislation (the 1982 Employment Act and the foundation work on the 1984 Trade Union Act) was advertised as being a redress of the balance of power in favour of the managing class. That was of course a large part of its aim: but it was not an end in itself. Neither managerial power nor union power can be ends, but only means—means, in this case, to the end of more efficient production and higher profitability.

The shift Mr Tebbit, with his populist instinct, detects is towards that holy grail of management: the replacement of class struggle with the struggle for markets. No longer us workers against them management (or vice versa), but us Company X people against them Company Y people.

He is not alone in this. Over the past month, two major plants—Borg-Warner's main UK subsidiary in West Glamorgan and Shell's chemical plant at Carrington, near Manchester—have been reprieved from what appeared to be certain closure through deals which explicitly recognise co-operative relationships between management and workers as the cornerstone of their future viability.

Both have introduced considerably greater flexibility between grades of workers than existed before, and both deals were recognised by the unions, tacitly or overtly, as essential.

In Borg-Warner's case, agreement from the unions—principally the Amalgamated Union of Engineering Workers—was forthcoming for a six-year pay deal to phase in in two three-year stages; for an end to the practice of full time convenors; and for the development of an "ownership" concept of working which means that a machine operator will not only operate, but maintain and clean his equipment as well.

At Shell Carrington, management and unions agreed on a cut of staff from 1,200 to 500, a plan which was then endorsed at mass meetings. Central to the plan was a scheme to eschew compulsory redundancies, to set up a job-finding agency for those who wished to leave and to continue recognition for the joint union structure on the plant.

The last element emphasises the difference between this deal and others which have gained wide publicity. It has been achieved with the co-operation of a strongly organised shop steward structure: the convenor of the stewards, Mr Ian Brown, is a prominent, and left of centre, member of the electricians' union the EETPU.

Common to both of these cases was a strategy which is now common to many others: the direct approach. Management now talks directly to its workforce, with or without the unions' acquiescence, in plant after plant. That battle has been won in many sectors: it is still being fought in some, as in the National Coal Board.

The use of briefing sessions in which managers tell the facts of life (nasty and nice) to workers, the use of videos in canteens and even in homes, the availability of background leaflets on the company's performance, its markets and its competitors — all of these things are now happening in real life, not just in Industrial Society leaflets.

**The unions know the world has changed: the skill which their leaderships must now demonstrate is how best to accommodate to it**

Sir Peter Parker, chairman of the British Institute of Management, of Rockware, of Mitsubishi (UK) and best known for chairing British Rail through the late seventies to the early eighties, agrees with Mr Tebbit in this at least. "There has been a shift," he says. "I think it's a mental thing. There's no question that there is a sense in the management world of a new realism. That doesn't necessarily mean hairy-chested macho management, just a consciousness that management's role is to lead, as well as to use techniques.

"I think it's here and in many other parts of the world, as a result of the recession. The survivors are the managers who have been able to establish directions and lead people in these directions, and not just be part of a consensus which can be a low common denominator."

Sir Peter Parker goes further, though. In addressing the issue of how permanent the change might be, he cites management's interest in "more than Edwardian values"—a good pun, pressing into service the Prime Minister's famous Victorian nostalgia and Sir Michael Edwardes' no less celebrated managerial machismo. Says Sir Peter: "Milton Friedman talks of social responsibility as being subversive: management has shaken that off. There are 200 big companies behind Business in the Community (a national organisation that encourages businesses to be socially responsible).

"Now that takes self confidence too, because in the days when management was shell shocked, dealing with industrial relations crises day after day, they had no time or inclination to define or carve out a social role for themselves. Now companies are making a senior executive in charge of social policy and giving it backing."

This self-confidence, as Sir Peter Parker describes it, the caring face of management, was the theme of a conference last month at the Confederation of British Industry's headquarters. It saw Mr Tom King, the Employment Secretary, close the era of "on your bike" by saying it had "obvious limits," and launch a plan to bring jobs to the workers—a plan which relied on a partnership between business and government.

It saw, too, Sir Terence Beckett, the CBI's director general, speak in stronger tones about the evil of unemployment than he has done in the past. Unemployment, he said, was not largely due to "lack of effort or improvidence."

"The contrast between a shabby environment that needs putting right and a large number of long term unemployed that want work means that a way must be found to put the two together," he said. "Unused resources — while there is still a lot of personal and social poverty—are a challenge to our thinking and compassion."

The culture is changing for unions, too. The putative split in the TUC is ostensibly over the issue of whether or not the AUEW should be disciplined for defying Congress policy in taking money—£1.2m—for postal ballots: below that obvious conflict are jealousies and divisions over "no strike," single union and over-collaborative deals between some unions—in particular the EETPU—and managements.

Yet most officials recognise that much of EETPU practice is their own, though the former's style is to shout about it and the latter's to keep it quiet. The unions know the world has changed: the skill which their leaderships must now demonstrate is how best to accommodate to it.

The change is of this order. In the 1960s and 1970s, unions were able, partly through an increasing exercise of their industrial power, partly through legislation, to moderate the basic fact of life that labour power is a commodity to such an extent, that management's job of handling that commodity became increasingly constrained.

At its apogee, this meant a stasis in industrial life—with many managements unable, or feeling themselves unable, to manage, yet with unions unwilling to exercise necessary discipline in order to carry on efficient and innovative production. "Thatcherism" — recession, tighter labour legislation, a born-again management, high unemployment — has broken that stasis.

Most union officials dislike that, and therefore dislike those unions, like the EETPU, which take the present for granted and accommodate themselves to it, aggressively elbowing out of the way those unwilling or unable to follow their suit. Bit by bit, though, others are taking the same road: the AUEW unsurprisingly, Mr Clive Jenkins' white collar union, ASTMS, rather more surprisingly.

The Labour Party is part of this process. While its joint policy document launched with the TUC yesterday reaffirms a partnership with the unions, it is studiously vague on most points of real consequence and Mr Kinnock's clear preference, as evinced yesterday, is for a relationship in which a Labour Government is clearly dominant.

More important than personalities, or the lack of them, are the movements in the labour market which determine strength or weakness of organised labour. The growth of part-time work, of service employment, or a secondary labour market in which casual, freelance, home and other workers form the periphery of a more stable core of skilled and professional workers with higher wages and more security, is not merely a product of the last six years (though the Thatcher Governments have tended to run with its grain): rather, it is a product of industrial restructuring of the kind which Labour will have to encourage if it is to become, as it wishes to, the party of production and of efficiency.

Such developments do not dictate an end to trade unions, but they do mean an end to certain union forms and practices. As union members demand to be treated by their unions as individuals, so the Conservative reforms on balloting seem to be "right," and the old mass forms of voting—once accepted uncritically by all — seem to be "wrong." Mr Kinnock recognised that change yesterday and he must now convince his comrades of it.

It is hard to see how all of this may be unstitched: as hard, indeed, as to envisage a return to full employment on the basis of a full working week for everyone. There will be much change, much ebb and flow, yet to come: but no going back.

# Men and Matters

## Along party lines

Norman Willis, TUC general secretary, is not the smallest man in the Labour movement — or the quietest. Chairing the press conference at which he and Labour leader Neil Kinnock yesterday launched the document setting out a new partnership between party and unions, Willis showed he was not going to let any old Welshman beat him for long-winded answer.

In an hour, the packed gallery of reporters got in little more than half a dozen questions — which may have been what the diffusive duo wanted, since there are large, delicate areas in the document which would shrink under too rothless an examination.

But Willis never loses his sense of humour. In full and passionate flow for five minutes or more, and recognising a certain restlessness among the audience, he smiled engagingly, and said: "I'm sorry if my answer has to be brief."

The new partnership will never be at a loss for words.

## Outlook

Life at Congress House does have its problems. Yet another little local difficulty, it seems, may now arise if the TUC were to expel the Amalgamated Union of Engineering Workers or the electricians' union, EETPU, for defying the General Council's decision not to accept state aid for postal ballots.

The AUEW has already accepted £1.2m to cover the cost of its ballots as far back as 1981; and the EETPU intends to follow suit.

It has now dawned on some members of the TUC staff, who also happen to be members of either of these unions, that if their union is expelled, they may have to join another union to avoid dismissal as well.

Only members of TUC-affiliated unions are employed at Congress House.

Of those who could find themselves in this fix, the most prominent is the TUC's assistant general secretary, 62-year-old Ken Graham.

Graham joined the AUEW back in 1938 and only four years ago was presented with the union's special award of merit.

In yet another ironic twist, he is now involved, as an officer of the TUC, in the disciplinary process which will decide whether his union should be censured, suspended or expelled.

## Good spell

David Firnberg knows all about computers—but he cannot spell. He was director of the National Computing Centre for five years before setting up his own consultancy. "But I can't write a page of text without making several spelling mistakes," he admits.

He believes a lot of businessmen could be in the same fix. "I firmly believe there are two groups of people in this world — those who can spell and those who can't."

Firnberg did something about it. With his father Leo, who was on the editorial team of the Oxford English dictionary and can spell, he produced a spelling dictionary for Cassell's in the mid-1970s.

It has been out of print for the past four years but has just reappeared in paperback, complete with the latest technical jargon, and American spellings for those who wish to be bilingual.

If you do not know whether "commitment" is spelled like that, or whether it should have another "t" in the middle, you might find it useful.

Firnberg had great trouble interesting a publisher in the idea. Even a literary agent turned up his nose. "Mind you, my wife thought it was a great idea — but she can't spell," said the agent, who had better remain anonymous.

"Apparently Chelsea is suddenly smart again and Dulwich absolutely out"

## Afore ye go

Pity the poor Guinness board. There they were on Monday afternoon waiting expectantly at the offices of financial advisers Morgan Grenfell for the Arthur Bell defence document, only to learn that it had been delayed until 11.30 pm, partly to spike Guinness's press advertising campaign scheduled for the following morning.

Bell's move put Guinness men's dinner plans into disarray, though they were partly compensated by the arrival of a large bottle of Bell's whisky, compliments of Lord Spens, head of corporate finance at Henry Ansbacher, Bell's financial adviser.

They retired back to the Guinness offices in Portman Square nursing the Scotch until the Bell's document arrived. They even wrote to the donors thanking them. "But they didn't send us any stout," a Bell's spokesman complained yesterday.

## Special ties

In this 40th anniversary year of the end of World War Two the regimental tie business has boomed. Any tourist—or con man for that matter—can lay hands on a Guards, Rifle Brigade, even an SAS tie, just by putting money over the tie shop counter. And he can pick up an Etonian or Oxbridge college tie just as easily. It wouldn't be possible to demand proof that the customer had served in the Guards or gone to Balliol.

There is one notable exception. A golfer, or anybody else for that matter, cannot buy a Hole in One tie just by producing the necessary £7.25. Thresher and Glenny, with four shops in London and one in Hertfordshire, has the sole right to issue the official Hole in One tie. The company, represented in the City by Woodersons of Cheapside, demands certification from a golf club official before it parts with these maroon or blue treasures with golf club motif and flag.

Keith Sargent, the company's managing director, says: "We get applications from golf clubs all over the world—Australia, New Zealand, North America, Europe, Japan and South Africa."

## Standing the test

Heard in a Leeds pub: "I'm not sure this Asda merger with MFI is a good idea. I bought a chicken the other day and a leg fell off."

**Observer**

Quality in an age of change.

KUWAIT AFTER THE BOMBS

# The immunity wears off

By Kathy Evans, recently in Kuwait


WHEN THE bombs went off in two seaside cafes in Kuwait earlier this month, leaving 11 dead and 89 wounded, analysts both inside and outside the country began to wonder whether Kuwait was becoming the latest Arab playground for settling regional disputes. Diplomats and local newspapers alike are already posing the question whether Kuwait is being Lebanonised.

For 10 years, Kuwait and the Gulf states have been successful in immunising themselves from the factional disputes and confessionalism which plagued the rest of the Arab world. Even in the last six years, as aid quietly flowed to Iraq, Kuwait appeared safe from the consequences of openly supporting the war effort against Shi'ite Iran.

Eighteen months ago, "Islamic Jihad" and other Shi'ite terrorist organisations put Kuwait and the Gulf region on notice that the period of separateness was over.

The message came with the truck bomb attacks on the American and French embassies and Kuwaiti installations in December 1983, it was a carbon copy of the attack mounted by Islamic Jihad in Beirut which killed 240 U.S. marines.

Kuwait subsequently arrested and sentenced 17 Arabs, most of them Shi'ites from Iraq and Lebanon. Alarmingly, some of tha accused included Shi'ite Kuwaitis and stateless Bedouin—most were long-term residents in the country. Some had direct family connections to the terror chiefs in Lebanon or alternatively were affiliated with groups openly financed by Iran, such as the Hizb al Dawa, an Iraqi group dedicated to Islamic revolution in Iraq.

Kuwait bravely convicted the terrorists, sentencing three to death and the rest to long prison terms. But the spiral of terror had been set off, and when a Kuwaiti airliner was hi-jacked to Tehran by Lebanese terrorists, Kuwaiti diplomats on the aircraft found themselves the object of the hi-jackers' grisly attention.

The next attack—and surely the most traumatic for the Kuwaitis — came with the suicida car bombing of the Emir's cavalcade last May. By e miracle, the Emir, Sheikh Jaber al Ahmad escaped.

Since the attack on the Emir and tha cafe bombs six weeks later, Kuwait has not surprisingly turned into a city obsessed with security. Police road blocks spring up each day. Security guards routinely search people entering hotels, government offices and even shopping complexes. Some children's playgrounds have been closed, others are sparsely attended as Kuwaitis fear to gather in public places. Attendance has even dropped off at the Kuwait stock exchange.

Kuwait is also scrutinising its foreign community intensely, and since May thousands have been deported. Many are illegal Asians who have been in the country for years. Foreign Arabs hava been subjected to night-time raids on their homes, arbitrary arrest and questioning, and deportation.

Police actions bava unnerved the foreign Arab community, particularly its Shia component which believes it has coma in for special attention. Foreign Arabs say that after "what is your nationality?" the next question at police road blocks is "Are you Sunni or Shia?"

Senior officials in Kuwait, close to the Sabah family, say such police actions are "common sense" and that Kuwait is no longer going to accept "all the unwanted" in the Middle East.

"We are facing highly organised terrorism and we are only doing a bit of house cleaning," remarked one official. The number of deportations since May had not been more than 5,000, he added.

Yet despite the large-scale police actions, the Kuwaiti security services still have little idea who organised and carried out the bomb attacks.

Diplomats in Kuwait fear that the deportations will in themselves encourage more terrorist actions, for the web of hatred will be spread throughout Lebanon, Iraq and Iran. Kuwaiti officials agree that more bombings in the country or attacks on Kuwaiti officials and institutions outside are likely. Only last week, the office of Kuwait Airways was bombed in Beirut. Threats continue against Kuwaiti diplomats overseas and no one believes that the cafe bombs were the last.

Most Kuwaitis believe the terror is being directed at the country's democratic tradition. The cafe bombings, they point out, took place as Parliament was discussing a cut in aid to Syria, Jordan and the PLO. Most pinpoint the Syrian/Libyan/Iranian alliance and say that Iran has the most interest in destabilising the country.

The perception that the attacks derive from Shi'ite terrorist organisations has put the country's native Shia community in a super sensitive mood. Most Kuwaiti Sunni, it must be emphasised, feel no sense of separateness from their Shia fellow nationals — indeed in many ways the Kuwaiti nation has felt a heightened sense of unity since the bombings.

But the recent round of terror has opened a flood of self-examination in the local media about Sunni-Shia relations. The ball was kicked off by a leading Shia academic, Dr Abdul Ridr as Seeri in an article in "Al Watan" newspaper which is replete with subtle references and code words.

Dr Seeri claimed that "certain factions" in the country were trying to make the authorities hostile to one section of tha population. "They forget that by doing so thay are spreading the seeds of dissension and fanaticism," he warned. "These people habitually blame this section of the community as if they were responsible for every crime and terrorist action in the country. They should remember that the more dissension and hatred, the more are the chances of terrorism being exported to our land. Those people are now wondering if Kuwait is becoming the Lebanon of the Gulf. This hypothesis could become a reality — it depends on our behaviour," he wrote.

Dr Seeri touched a highly sensitive chord in Kuwaiti society. The result, he says, was social and political ostracism and condemnation.

Many Sunni protest vigorously at suggestions that there is prejudice against Shia in Kuwait, but others, made more frank by the bombings, point out that the spiritual leader of the Shia is tha Ayatollah Khomeini. Such spiritual leanings smack of disloyalty for those who closely identify tha bombings as Iranian-inspired.

Shia in Kuwait are equally outraged at the questioning of their loyalty. "Before the revolution we were agents of the Shah, now we are agents of the Islamic republic. How come they are considered more loyal than us?" asked one Shia.

Foreign diplomats in Kuwait say that although prejudices have deepened between the two communities, the situation is still far from flash point.

Kuwaiti officials maintain that "foreign hands" are behind the recent tension, principally Iran. "Iran is losing the war and so it is trying to split Lebanon. It thinks it can do tha same here," remarked one member of the ruling Sabah family.

The Government is fully aware of the dangers and has made certain moves to heal the growing rift. Newspaper editors have been instructed to curb their columnists on the subject of Sunni-Shia relations and to emphasise national unity. Mosque speakers have been ordered to keep to government-prepared texts.

To some extent the problem has emerged because of Kuwait's tradition of free speech. Moreover, the country does allow a number of fundamentalist groups to operate openly.

But Kuwait's democratic tradition could prove the best safety-valve for inter-communal relations. These issues can he spoken about, and already are, in the country's national assembly which inludes representatives from all sects and strains of Islamic thinking. Kuwait's democracy should prova an important shock absorber if the country experiences the trauma of more bombings.

U.S. trade policy

# The new trend to bilateralism

By Eliza R. Patterson

SINCE World War II, the United States has been a strong supporter of GATT and an advocate of the economic and political advantsges of the multilateral, Moat-Favoured-Nation (MFN) approach to trade.

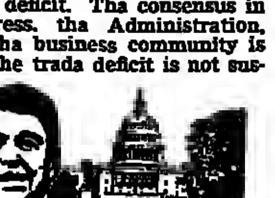
It has been a major participant in the multilateral negotiating rounds conducted among GATT member countries, bas supported the expansion of GATT membership to includc any country willing and able to abide by its obligations, and has bean critical of bilateral dealmaking and unilateral action by other countries.

This is not to say the U.S. has not entered bilateral trade agreements. It has. The U.S.-Canadian Anto Pact in tha mid-1960s, the bilateral agreements undar tha Multi-Fibra Agreement, varlons orderly marketing agreements, and voluntary export restraint agreements, are frequently citad examples. They bave, bowever, been viewed generally as exceptions to tha preferred multilateral approach, brought abont by a particular set of economic and political circumstanees, and not as the recommanded course for future trada policy.

Today, thera is mucb speculation that a new strand of American trada policy is developing that considera bilateralism en acceptablc, if not preferable, approaeh to international trade.

Several developments have continued to encouraga a bilateral or minilateral approach. Fundamental is the transformation of a world of more-or-less equal trading partners to one composed of a fcw giants—the EEC, Japan, and tba U.S.—whicb has made a bilatcral or trilateral approacb to many trade problems both feasiblc and attractive.

Against this background wa now bave the high and growing trade deficit. Tha consensus in Congress, tha Administration, and tha business community is that the trada deficit is not sustainable and that if maasures to bring it down are not undertaken qulckly, an economic crisis of major proportion will result.



The sense of urgency has encouragad a shift from multilateral to bilateral measures. The latter are faster and easier to negotiate and implement, and generally provide a "quick fix" rather than relying on longer-term systemic improvements.

The multilateral rules and obligations embodied in GATT and the Codes negotialed in the Tokyo Round are widely perceived as honoured only by the U.S. and as largely ineffective in restraining America's trading partners from adopting measures that adversely affect U.S. interests. Tha proliferation and variaty of foreign non-tariff trade barriers are seen as evidence of this.

While disappointment with GATT and the multilateral approach has led tha Reagan Administration to call for improvements in, not rejection of, GATT, many influential Congressmen are calling for a "new approach" that concentrates on regaining Amarica's competitive edge vis-a-vis its trading partners, rather than on developing a multilateral framework designad to fostar trada worldwide.

The rallying cry of these Congressmen and their constituents is for "a level playing fiald." Because the nature and extent of the perceived "uneveness" varies from country to country so, too, it is argued, must tha measures designed to level the terrain.

Another contributing factor to the trend toward bilateralism in the U.S. is the fact that industry-wida problems — especially in textiles, steel, cars and lumber — have replaced product-specific problems in the forefront of trade concerns. Because the foreign competition that injures an antire industry generally is concentrated in a limited number of countries, sectoral problems both invite and lend themselves to a bi- or plurilateral approach.

In 1982 an agreement was reached with tba EEC, limiting Europe's steel exports to tha U.S. and a further extension of tha arrangement was agreed this week. In the past year steel import limitation agreements have been signed with 12 countries, and negotiations are under way with five others.

These agreements cannot be dismissed easily as mere aberrations or temporary exceptions to a trade policy based on a multilateral approach. The Trade Act of 1984 established a "national policy for the steel industry" that has a central statutory feature restrictiog total imports to a fixed share of the domestie markets.

The temptation to regard trade issues as bilateral issues is strengthened by concern over the bilateral trade deficit with Japan, expected to reach $50bn this year. The sense among the public, Congress and the Administration that the trade imbalance with Jepan is dne to uniquely Japanese trade policies and practices has caused the Administration to engage in extensive bilateral discussions on areas of particular concern.

Congressional frustration with Japan haa resulted in a bost of protectionist Bills—variations on an import surcharge are the most common—aimed specifically at Japan, although somc of thc measures also would have an impact on trada with other countries.

Concern over thc dabt crisis of certain Third World countries and a realisation that part of the solution must lie in increased exports from those countries, combined with tha view that numerous trade barriers in the developing world unfairly restrict U.S. exports, hava lad Congress and the Administration not only to adopt a diffarent trade strategy for this part of the world from that applied to its developing partners, but also to differentiata among developing countries.

A major example is the Caribbean Basin Initiative, the benefits of whieh are restricted to those Caribbean countries wbose tradc policies do not burdan U.S. industry.

Finally, any abortlist of current pressures prodding the U.S. in tha direction of bilateralism must inclnde the disappointment, even annoyance, of the Administration with the reluctance of other countries to support the Administration's initiative for a new round of multilateral trade negotiations under the aegis of the GATT.

This bas made the Administration not only more sympathatie to the bilateral approach advocatad by Congress, but also has given rise to the thesis, which seems to be gaining adherence, that bilateral free trade agreements may be an effective tool or weapon to encourage nthers to support a multilateral negotiating effort, and to the extent they are unsuccessful in that, may be a second-best alternative.

The concrete action most frequently cited as indisputable evidence of a fundamental diminution in tha American commitment to the multilateral or unconditional MFN approach to trade is the recently negotiated free-trade agreement with Israel that provides trade benefits to Israel and requires that such benefits may not be applied to any other country.

Although the authority in the Trade Act of 1984 to enter such an agreement applies only to Israel, the legislation does go on to authorise, under specific conditions, the negotiation of similar agreements with other countries. And, although formal negotiations have not begun, in a most unusual step, Congress bas held preliminary haarings on a possible free-trade agreement with Canada, indicating that this is indeed a live issue.

That Congress would grant authorisation for bilateral Free Trade Areas while greatly restricting their use indicates that it is not altogether happy about abandoning the traditional multilateral approach.

Uncertainty over tha relative merits of bilateralism and multilaterism are pervasive. Congress appears increasingly willing to advocate bilateralism outwardly, but is hesitant to pursue such a route energetically, as shown by its opposition to many proposals designed to put the country more firmly on sueh a track.

The Administration, on the other hand, continnes to stress its preference for the multilateral approach, but is willing to enter bilateral agreements.

In spring, tha Administration, without seeking the formal consent of Congress, entered a bilateral-trade agreement on export subsidies with Mexico, the primary goal of wbleb was to set the stage for negotiation of another agreement that would "constituta a significant step forward in bilateral U.S.-Mexico relations." Many members of Congress opposed such a bilateral agreement out of concero that it would undermine efforts to get Mexico to join the GATT-affiliated multilateral agreement on subsidies.

The evidence is clear that U.S. trade policy is veering away from its traditional multilateral approach toward a bilateral or minilateral approach. While still in its incipient state, and clearly worrisome to many, the forces behind this change are strong.

It appears that only the institution of wide-ranging multilateral negotiations to liberalise world trade can stop this trend from expanding and accelerating.

*Eliza R. Patterson is Senior Associate for Trade and International Affairs at the Government Research Corporation in Washington.*

## Letters to the Editor

### A labour market

*From Professor P. Minford.*

Sir,—Samuel Brittan's Lombard column about top pay (August 1) was a misleading and uncharacteristic attempt to have it all ways. The Plowden Report may be mnddlad. But it is no use either quoting the vapourings of some middle-ranking civil servant as if they constituted solid argument, or counting departures from top civil service positions.

The truth as Mr Brittan most surely knows, is that tha market for these posts is dominated by inter temporal factors. To reach permanent secretary, judge or whatever a very large investment of personal tima and energy (human capital) is required; those who set these wages today are largely determining tomorrow's supply.

Mnch as I wish to see extensive privatisation and the contraction of the civil service I am convinced — and wbo can fail to be — of the need to have good people in charge of public administration, courts and defence.

Samuel Brittan should not pander even indirectly to the nonsenses of the incomes policy lobby.

(Professor) Patrick Minford,
*University of Liverpool*
*Eleanor Rathbone Building,*
*PO Box 147, Liverpool.*

### Top people's pay

*From Mr R. Marshall*

Sir,—Many votera appear to be cynical about inflationary pay increases for top public servants.

Mrs Thatcher has said that the review body is totally independent. But does it include any of the many taxpayers who are working for less than the national average wage; or of the unemployed voters who have been priced out of jobs? Or is it composed of top people only? May we also have the actual figures for migration of irreplaceable top public servants?

When it comes to reward for achievement can it be said that our Lord Chancellor and judges are providing an efficient legal system which makes justice accessible to all? Many feel that the courts have priced themselves far out of range of the average man. Yet law centres are closing from lack of funds. Elsewhere, have chiefs of staff and top civil servants actually reduced their departmental costs to the taxpayer?

Tha recent Green Paper told us that the state earnings related pension scheme (which offered a maximum contributory pension of about half of national average wage) is unaffordable for the private sector. This suggests that pay-as-you-go public service pensions must also be a growing worry. The potential cost appears already to be taxing job prospects in every part of the beleaguered public service. Sbould not fiscal control be exercised so as to limit the maximum public service pension to, say twice national average waga (one could call this 2 NAWs). If only one NAW were index-linked, and the other were fixed income, there might be aome chance of top people staying in touch with real world conditions. Beyond these levels they could save for their own retirement like everyone else in tha various ways available.

R. C. Marshall,
*25 Daneswood Close,*
*Weybridge, Surrey.*

### Earning the money

*From Mr D. Lang*

Sir,—Your City Correspondent (July 31) tells us of "senior partners of the top 10 British securities firms . . . earning up to £1m a year each. . . ." I do not doubt the figures, but are we being asked seriously to accept that anyone in the City of London (or for thet matter elsewhere) actually earns that sort of money?

David Lang,
*6, Cornwall Road,*
*Dorchester, Dorset.*

### The information revolution

*From Mr C. Cheetham*

Sir,—As the work by Porter and Millar on the role of information technology in competitive strategy (review, July 26 by Christopher Lorenz) indicates, the key issue about networking (review, July 19 by Geoffrey Charlish) is not so much about the network standards themselves, but about the effect on competitive advantage and profit.

As they state, "It is an increasingly important lever which companies can use to create competitive advantage." It is shared information and shared goals which hold an organisation together, and the network is the means of sharing information. An organisation needs free access to that information to which it is entitled and the ebility to exploit information technology to meet its business needs. There is an obverse, and equally important face to the coin, namely that of security which ensures access to information, and its use, can be controlled by those who have a right and duty so to do.

Porter and Millar spotlight the power of suppliers as a competitive force: the objectiva of open systems network standards is to ensure open competition in the supply of information systems to customers. The supplier of a dominant proprietary network can control the pace at which his customars can innovata, and tha speed at which they can exploit information technology, and therefore can affect their competitive advantaga and profitability. The supplier of a dominant proprietary networking standard also controls the ability of his competitors to innovate and to introduce competitive product to the market.

But, even more important, the information revolution "shifts industry structure and alters the rules of competition" and "it spawns completely new businesses." This raises the even more important issue that, through control of a proprietary standard, a supplier can compete at an advantage over his own customers for entry to new businesses.

As Geoffrey Charlish pointed out, "A long-term commitment to a particular network is necessary and the effect of decisions today could still be felt in 10 to 15 yeara' tima." Since the long-term effect is liable to be on their competitive advantage, their ability to enter new businesses and their profitability, this seems to me an issue demanding the most careful attention by any organisation. Indeed, it is clearly no longer an issue only for European governments. Industry, in the form of large organisations such as General Motors, Boeing and some major banks, is now requiring open competition, based on open systems standards in the public domain. Most of those listed as suppliers of proprietary networks are vigorously supporting open systems standards in the public domain.

C. J. Cheetham,
*ICL House,*
*Putney, SW15*

### Bits and pieces

*From Mr R. McLean*

Sir,—Tha answer to J. Bingham's concern (August 2) that England is "left out" of regional matters in the UK, including the design of coins, is simply that tha English have for so long regarded England as the UK, the other bits not being sufficiently important to warrant attention.

Those "other bits" have in recent times indicated in various ways their dissatisfaction with that attitude, so now tha English feel they have to assert their Englishness. Quite right, too. By all means design an English coin! Fly tha English flag (not tha union flag as English football supporters do)! Awareness of one's national identity brings appreciation of othars' national identities. That in itself would help solva many of today's problems.

R. J. McLean
*Tha Birches*
*Fleet Road,*
*Farnborough, Hants*

### BT and its suppliers

*From the Dean of the Faculty and Graduate School of Business Administration, Fordham University*

Sir,—Your otherwise excellent editorial of July 24 ("BT and its suppliers") fails to make an important distinction between BT's decision to integrate vertically by buying Mitel and its decision to purchase System Y from Thorn-Ericsson. The Mitel move is, properly, a source of concern to those who would have British consumers benefit from competitive procurement by BT. Common sense suggests, and American experience with an integrated Bell system proves, that ownership by an operating company of a producer of telecommunications equipment inevitably distorts the purchasing process in favour of the self-owned producer. No matter how many University of Chicago theorists argue that it would be folly for an operating company to favour its own supplier, such favouritism does in fact occur, for institutional if for no othar reason. Consequently, vertical integration by BT would indeed disadvantage Plessey and GEC, because no matter bow efficient the latter were, they would find it difficult to compete with a BT-owned Mitel.

But such an argument can't easily be extended to the decision by BT to purchase System Y from Thorn-Ericsson. In this instance BT is shopping in a world market for the best and cheapest system, a result in part of the fact that it is now or soon will be competing with Mercury. To deny BT the right to shop the world over for the most efficient system is to load on British consumers the apparently higher costs of GEC and Plessey.

This is precisely what Britain doesn't need if it is to become a world telecommunications and financial centre.

Irwin M. Stelzer,
*Lincoln Center,*
*New York, 10023.*

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David Marsh, recently in Hagondange, on plans to transform a depressed region

# Smurfs try to win Lorraine's steel heart

THE BATTERED French steel region of Lorraine, where the industrial revolution has been petering out for 20 years, is calling on a mixture of comic-strip figures and high technology to prepare the ground for a new leisure-oriented age.

The site chosen for the transformation is sadly symbolic. At the vast disused steel complex at Hagondange near the Luxembourg border, weeds run rampant among the rusting rolling mills built by Thyssen in 1911 when Lorraine was under the German Kaiser.

Fading red-scrawled slogans on abandoned walls – "Down with the Davignon plan, we will defeat European capitalism" – serve notice that 8,000 people used to work here.

According to the plans of two local promoters, backed enthusiastically if with n touch of desperation by local government, banks and the Sacilor steel company's, Hagondange from 1988-89, onwards will host a FFr 1bn ($116m) U.S.-style park of attractions built around Europe's answer to Mickey Mnuse and Snoopy – the Schtroumpfs.

The Belgian-created creatures, bright blue, hard-working, amiable (known confusingly as Smurfs in English and Schlumpfs in German), will be presiding over a 800-acre site festooned with electronic fantasies. It should be capable of attracting 2m visitors n year and creating a total of 2,000 to 3,000 jnbs.

"We have to give Lorraine a new spirit to get out of this mess," says M Didier Brennemann, a 37-year-old former furniture shop owner who like his co-partner M Gerard Kleinberg comes from the nearby town of Hayange.

M Brennemann says he got the idea from a visit to Germany's Europa attractions park at Rust near the Rhine two years ago. Since then he has engaged the help of n bevy of U.S. designers, architects and consultants, visited 20 American "theme parks" (including tha famous Disney centres), won financing support from Sacilor's Solodev development offshoot and put together a FFr 10m company to carry out the initial planning stage.

M Brennemann, a keen computer user who sketches plans on an Apple Macintosh, wants the Lorraine park to be a showpiece for the 21st century.

"People are afraid of new technology. They flee towards ecology. Our aim is to show them that life in the year 2000 can be calm and benevolent. The Schtroumpfs are just the people to do this. They are inventive, good with their hands – they can show the way."

Visitors will be able to play computers, dabble with lasers, watch and take part in TV shows, and go for simulated trips into outer space.

If the promoters' fertile imagination becomes reality, all this will be mixed with jungles featuring robotised dinosaurs, with Indiana Jones-style roller-coasters, raging rapids, a dolphinarium, theatre and hotel.

The cavernous 25-acre central milling hall, enclosed by vast rusted girders like a particularly run-down version of London's Victoria station, will become a high-tech Crystal Palace. The river port where barges once unloaded iron ore and small boys now fish will be transformed into a Polynesian lagoon and pirate lair. M Brennemann is hoping for considerable sponsorship from big companies keen to partake in the electronic wizardry. The Renaults, IBMs and Coca Colas of this world should all be interested he says. "If Thomson doesn't want to come, we'll get Sony."

Although the bright blue Schtroumpf World offices next to the ruined steel complex have become a local landmark, not everyone in Lorraine shares M Brennemann's visionary spirit.

With an unemployment rate of 12 per cent (more if men removed from the dole queues through early retirement are included) and 10,000 more steel jobs to go in the next two years, Lorraine clutches at any hope of work. M Brennemann says he has received 4,000 job applications.

But steelworkers, victims of too many false hopes in the past, are suspicious of the scheme. And they know that service industry jobs – like the work in the information technology and communication sectors which local government is trying to foster in the regional capital of Metz – are on the whole not for them, but for their children.

Leisure parks, especially those built American-style around themes (which cost two or three times as much as routine leisure parks with animals and fairground machines), are rare in France, although a cluster exists on its borders in West Germany and Belgium.

The French Government is however pressing – in competition with Spain – to bring to Marne-la-Vallee, east of Paris, the European theme park planned by Walt Disney Productions which could cost an overall FFr 20bn on a 5,000 acre site. Banks and other institutions are showing growing interest in financing half-a-dozen smaller leisure parks being developed in other parts of France.

The Lorraine project is being designed by the U.S. BHCP architects which helped create the Florida Disneyworld complex. M Pierre "Peyo" Culliford, the Belgian cartoonist who created the Schtroumpfs in 1958, has given the plan his blessing and has designed the astronaut Schtroumpf who will be the park's mascot.

"We're going to be n liberal and capitalistic enterprise," says M Brennemann. "We're not banking on getting subsidies – that will be icing on the cake." The park's position next to an airport, rail routes and motorways is nt "the hub of Europe", he says, with 52m people (50 per cent of them German) within three hours driving distance. Entry price in 1988 francs will be FFr 72 (plus tax), with each visitor planned to spend FFr 125 to FFr 130.

The Schtroumpf park is the one big job creator on the horizon in an area where government promises of new ventures by nationalised industries are being realised only slowly and expensive investment incentives are still proving only n moderate bait for private companies.

One official at the Lorraine regional council – which has none the less helped to create or keep going 6,700 jobs in the region over the last 2½ years through various incentive schemes, puts the problem succinctly. "The steel companies cut jobs by the thousands – we create them by the tens. It's 100 to 1 against us."

M Jean-Pierre Poisse, an economist at the local Patronat employers federation, says that even when jobs are available, laid-off steel workers are often reluctant to move from their large structured plants to smaller companies in light industries. "It's a cultural problem. People in Lorraine want to work in big heavy industries – they believe it's more secure."

M Brennemann, for his part, brushes aside any idea that building Europe's potentially biggest attractions park in the middle of one of its most devastated industrial regions could be anything but an economic success.

The big problem now is to gather the funds. Towards his first FFr 1bn (the project is expected to cost a total FFr 2bn to FFr 2.5bn over a 10-year period), M Brennemann is counting on raising about FFr 600m in capital and loans (including from EEC institutions) with perhaps FFr 100m to FFr 300m coming from commercial sponsorship.

The venture also aims to offer shares to local people and the response should show whether the Schtroumpfs really have a chance of winning Lorraine's steel heart.

# Leclerc tries to break tobacco monopoly

BY DAVID MARSH IN PARIS

EFFORTS to liberalise the closely-controlled French cigarette market have gained momentum with a renewed move by the Leclerc supermarket group, France's biggest discount retailing chain, to break a state-run monopoly over tobacco sales.

At the same time, foreign cigarette manufacturers, who account for roughly 40 per cent of the French market by volume and 50 per cent by value, are stepping up a campaign to free cigarette prices. The companies, led by Philip Morris, Rothmans, R.J. Reynolds and Dunhill, claim that low government-set cigarette prices have turned their French activities into considerable loss. They are hoping for action soon from the EEC Commission to enforce changes in the French system of controls, claiming it infringes the Treaty of Rome.

In spite of sporadic efforts to curb tobacco consumption in France for health reasons, unit cigarette sales in France have risen by nearly 5 per cent since 1981 largely because of artifically low prices. Seita, the national tobacco company given a monopoly over all French tobacco activities by Napoleon which has been eased only slightly over the past 10 years, blames its habitual chronic loss on government efforts to hold down prices.

According to figures from the foreign manufacturers' association, cigarette prices – at present FFr 4.45 ($0.51) for a packet of 20 of France's most popular Gauloises brand – have dropped about 10 per cent in real terms since 1981.

The association claims that, leaving aside the government tax on each packet (making up about three-quarters of the sales price), manufacturers' prices have dropped by about 22 per cent since 1981.

The Leclerc group, a co-operative grouping run by the celebrated, if eccentric, figure of M Edouard Leclerc, has led a series of efforts in past years to break down government restrictions and lower prices across a range of retail sectors. M Leclerc's greatest successes have been in pushing through discounts on books and petrol against strong opposition from the administration and established retailers. But he has failed up to now in attempts to break down the entrenched monopoly distribution system for drugs and health products.

He has now won a two year struggle with the Government to win a licence to import tobacco products into France – a right at present enjoyed by several other smaller groups as well as Seita. This is intended as a prelude to selling tobacco products – most likely cigars and top-of-the-range cigarettes – in some of his 450 discount chains towards the end of the year.

Cigarette industry officials were sceptical yesterday of the Leclerc plan to bring in sizeable discounts on cigarettes. Some dismissed it as the latest in a series of regular publicity coups with which M Leclerc habitually likes to assail newspapers during the August news lull.

Underlining the constant complaints from foreign companies that prices in France were too low, Mme Helene Bourgois, of the French Association of EEC Cigarette Producers, said any Leclerc discounts would not be big enough to pay petrol bills of consumers driving to his supermarkets. Foreign manufacturers were willing to sign fresh deals with French importers – "but they want to sell cigarettes at higher prices, not lower ones," she said.

M Michel-Edouard Leclerc, Mr Leclerc's son who is in charge of the group's cigarette operations, said the next step would be to try to obtain tobacco sales licences from the Government. These are at present the preserve of about 42,000 authorised tobacconists. M Michel-Edouard Leclerc said he hoped to be able to cut cigarette prices at the expensive end of the range by 10 per cent through a more efficient distribution system.

# Leading U.S. bank slashes dividend

Continued from Page 1

stocks fell in sympathy. The shares of First City Bancorporation of Texas, which has been hit by heavy losses in energy lending, fell $⅛ to $11⅞. Its board meets tomorrow to decide on its dividend which is uncovered by earnings.

There has been mounting speculation in recent weeks that the Californian banking group, which until recently ranked as the biggest and one of the most profitable banks in the world, would cut its dividend. U.S. bank regulators have just completed a long examination of the bank's loan portfolio and are understood to have put pressure on the group to increase sharply its loan-loss reserves.

This resulted in the group announcing the second biggest quarterly loss in U.S. banking history only a few weeks after it had indicated that it would break even. Mr Joe Selby, the acting Comptroller of the Currency, attended BankAmerica's board meeting on Monday but it was unclear whether the regulator put pressure on the bank to cut its dividend, which has not been reduced since the 1930s.

In the money markets, traders said that the move had had little impact on the group's ability to fund itself although its certificates of deposit were "not trading well" according to one New York dealer. BankAmerica, unlike the big money centre banks, has a big retail deposit base which means that it does not have to rely on the money markets for n sizeable portion of its funding.

The cut in the dividend will save the group around $110m a year, which is small in relation to its shareholders funds and reserves of $6.5bn.

The group's earnings have also fallen from a peak of $4.32 per share in 1980 to $1.71 a share last year. In the first half of the current year the group lost $1.71 per share and analysts are projecting annual 1985 earnings of around 60 cents per share after property gains. This will still leave the dividend uncovered at its new annual rate of 80 cents per share.

## UK to close steel mill

Continued from Page 1

have said the fixed-site costs of an integrated works are about £70m ($94.25m) a year.

The decision on Gartcosh indicates that the Government is still prepared to make politically difficult decisions. Mr Norman Tebbit, the Industry Secretary, pointed out in a Financial Times interview last week that the Government wanted to be loyal to BSC workers, but it also had a responsibility to workers in industries that used BSC steel.

If BSC was not allowed to become efficient and profitable, he implied, the competitiveness of these industries would be threatened.

Mr Tebbit also said in the interview that decisions on BSC's future structure had to be made in the context of the restructuring of the steel industries throughout the European Community. "We want to make sure that we are not the fall guys for everyone else," he said.

The EEC Commission is interested mainly in hot rolling mill capacity, and it is generally accepted that there will have to be many more strip mill closures in the Community in the next few years. The Gartcosh closure probably signals Britain's readiness to close a hot strip mill, but not before others too agree to major cuts.

# London cautions on rate hopes

BY PHILIP STEPHENS IN LONDON

THE UK Government yesterday sought to discourage speculation that n fall in the supply last month could trigger an early cut in bank borrowing costs after the pound had another shaky day on foreign exchange markets.

The Bank of England said that the most closely-watched measure of the money supply, sterling M3, fell by between ½ and ¾ per cent last month, after rising by 2¼ per cent in June.

Widespread anticipation of the fall and speculation that it could prompt a cut in base rates had combined with a rising dollar to bring sharp losses for sterling in early London trading.

Sterling closed in London at $1.3465, down 2.2 cents from Monday, and losses against other currencies were reflected in a 0.8 point drop in the sterling index to 80.3, its lowest for six weeks.

The dollar rose 2.4 pfennigs to close in London at DM 2.8490.

Dealers on the foreign exchange markets said the recent falls in UK interest rates had made the pound vulnerable to worries over oil prices and to speculation over further reductions in borrowing costs.

Paradoxically, however, if the pound's weakness persuaded the markets that interest rates would stay high, the UK currency could stage n recovery.

Yesterday, sterling's misfortunes were compounded by a strong recovery in the dollar, which registered gains against all major currencies amid greater optimism over the outlook for U.S. economic growth.

The message from the UK authorities, though, was that, with the pound nearly 5 per cent weaker than it was when bank borrowing costs came down to 11½ per cent last week, there was no immediate prospect of a further reduction in rates.

Although still closely monitored by financial markets, sterling M3 has been downgraded by the Government as a guide to interest rate policy, with the focus of official attention now much more firmly on the exchange rate.

In any event, the last two month's money supply figures have been badly distorted by the massive oversubscription of the Abbey Life share issue in June.

The Bank of England said yesterday that an average of the figures for June and July – giving monthly growth of around ¾ per cent – provided a better idea of the underlying trend of sterling M3.

Over the last 12 months, it has risen by 12 per cent, well outside the official 5 to 9 per cent target range. The narrow money supply measure M0 has risen by 5 per cent over the same period, inside its 3 to 7 per cent official range.

Despite the Treasury's tough rhetoric on interest rates, there is some unease among British financial institutions over whether the Government is relaxing the tight policy adopted in the wake of the sterling crisis last January.

Broker Phillips & Drew said in its latest gilt-edged (Government securities) market review yesterday that the two cuts in interest rates over the past few weeks suggested that the Government had significantly softened its stance.

The change, it says, had occurred ahead of any evidence that pay settlements in the next wage round would moderate and risked being interpreted as signalling the Government's willingness to underwrite high pay awards.

There is also some anxiety about the pace of growth of bank credit, which has risen by an average £1.5bn ($2.02bn) a month over the past two months.

Mr Robert Thomas, an economist at broker W. Greenwell, called the figure "uncomfortably high" and a cause of underlying concern for investors in the gilt-edged market.

See Lex; Money markets, Page 23

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 24 | 75 | Dubrovnik | S | 30 | 86 | Malaga | R | 30 | 86 | Salzburg | R | 12 | 54 |
| Akrotiri | F | 30 | 86 | Faro | S | 24 | 75 | Malta | F | 29 | 84 | Seoul | C | 32 | 90 |
| Algiers | C | 27 | 81 | Florence | T | 25 | [illegible] | Manila | C | 31 | 88 | Singapore | R | 30 | 86 |
| Amsterdam | F | 16 | 61 | Frankfurt | C | 16 | 61 | Miami | R | 31 | 88 | Stockholm | C | 18 | 64 |
| Athens | S | 31 | 88 | Funchal | C | 21 | 70 | Milan | F | 20 | 68 | Strasbourg | C | 18 | 64 |
| Bahrain | S | 40 | 104 | Geneva | C | 13 | 55 | Moscow | F | 24 | 75 | Sydney | S | 15 | 59 |
| Bangkok | S | 33 | 91 | Gibraltar | S | 29 | 84 | Munich | R | 12 | 54 | Taipei | S | 34 | 93 |
| Barcelona | S | 27 | 81 | Guernsey | F | 16 | 61 | Nairobi | — | — | — | Tangier | S | 25 | 77 |
| Beirut | F | 30 | 86 | Helsinki | C | 16 | 61 | Naples | F | 29 | 84 | Tehran | — | — | — |
| Belgrade | R | 35 | 95 | H. Kong | S | 33 | 91 | New Delhi | C | 28 | 82 | Tel Aviv | S | 30 | 86 |
| Berlin | C | 17 | 63 | Innsbruck | T | 8 | 46 | New York | C | 27 | 81 | Tenerife | — | — | — |
| Biarritz | C | 16 | [illegible] | Inverness | C | 14 | 57 | Nice | S | 27 | 81 | Tokyo | C | 32 | 90 |
| Blackpool | C | 14 | 57 | Istanbul | S | 30 | 86 | Oporto | F | 19 | 66 | Toronto | C | 28 | 82 |
| Bordeaux | F | 17 | 63 | Jersey | F | 18 | [illegible] | Oslo | R | 18 | 64 | Tunis | S | 35 | 95 |
| Brussels | F | 17 | 63 | Jo'burg | S | 21 | 70 | Paris | C | 14 | [illegible] | Valencia | S | 27 | 81 |
| Budapest | S | 31 | 88 | Las Palmas | S | 25 | 77 | Prague | R | 13 | 55 | Venice | T | 24 | 75 |
| B. Aires | R | 14 | 57 | Lima | C | 17 | 63 | Reykjavik | S | 15 | 59 | Vienna | F | 27 | 81 |
| Cairo | R | 33 | 91 | Lisbon | S | 23 | 73 | Rio de J'o | S | 32 | 90 | Warsaw | C | 25 | 77 |
| Cape Town | C | 16 | 61 | Locarno | C | 19 | 66 | Rome | C | 25 | 77 | Zurich | C | 13 | 55 |
| Caracas | R | 27 | 81 | London | F | 18 | 64 | | | | | | | | |
| Casablanca | S | 24 | 75 | Los Angeles | S | 29 | 84 | | | | | | | | |
| Copenhagen | R | 18 | 64 | Luxembourg | R | 12 | 54 | | | | | | | | |
| Corfu | S | 32 | 90 | Madrid | S | 21 | 70 | | | | | | | | |
| Dublin | F | 15 | 59 | Majorca | F | 25 | 77 | | | | | | | | |

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

# Pretoria plans reform

Continued from Page 1

- Returning citizenship rights to those blacks who are now officially nationals of nominally independent "homelands", whether on a full or associate basis;
- A review of influx-control measures, which restrict the movements of blacks, and of forced removals of blacks from urban areas;
- The implementation of an undertaking to allow multi-racial management of the new Regional Service Councils which deal with water, transport and other local issues.

Persistent rumours in Johannesburg that the Government might go as far as to introduce a fourth parliamentary chamber to complement those recently created for coloureds (mixed race) and Indians were discounted by most observers.

In another development, the United Democratic Front, the most important anti-apartheid group operating within South Africa, yesterday called for an indefinite boycott of white businesses in Cape Town. Recent similar boycotts in the Eastern Cape have had a major economic impact and have prompted shopowners to lobby government for reform. The black miners' union, the National Union of Mineworkers, has called for a similar boycott by its members from tomorrow.

## BBC in crisis as film ban is upheld

Continued from Page 1

commitment to the full independence of the Corporation."

First reaction to the governors' decision last night was critical.

Mr Neil Kinnock, the Labour Party leader, said last night the decision was to be deeply regretted. "It means that they have given way to moral suasion, political pressure which they should not do if they are to discharge their duty," Mr Kinnock said.

Critics of the BBC governors believe the reputation of the External Services has suffered most from the decision to ban the programme,

THE LEX COLUMN

# An earthquake in San Francisco

Ever since BankAmerica stunned the market with its $338m second-quarter loss three weeks ago the question has been not whether the bank ought to cut its dividend, but whether it would dare to.

Evidently it could not easily afford to continue paying out: even if it sells both its Los Angeles and San Francisco headquarters this year earnings will still not be high enough even to cover the reduced dividend.

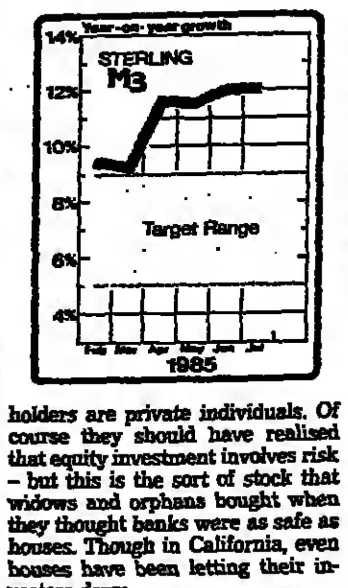
There would have been no economic justification for maintaining the old rate at the same time as it was selling off assets and closing down branches. Even shareholders seemed to have discounted some action on the dividend – before the cut, the shares had been marked down to yield nearly 10 per cent.

Pressure from Federal regulators may well have swayed the board's decision. The authorities have become far more aggressive since the Continental Illinois debacle and were apparently instrumental in the decision to increase drastically the second-quarter loan loss reserves. The bank has promised the Comptroller of the Currency to maintain its capital ratio at around 6 per cent, and though the $110m per year saved from cutting the dividend may look paltry beside the loan book, it will have n more heavily-geared effect on ratios when it is added to capital.

When Midland Bank was in a similar position last year it claimed that a dividend cut would make money market funding more expensive. This has not, however, happened yet to BankAmerica. Admittedly, it has few short-term borrowings outstanding and anyway has a strong retail deposit base. But the feeling is that any money retained rather than distributed to shareholders ought to improve its standing in the market.

The equity market was understandably not quite so sanguine about the move. The shares fell $1⅛ in early trading to $15⅞. At that price they stand at only just over half their book value, making a capital-raising operation not just unpopular, but very expensive. Any capital boosting in the next few months will probably have to come either from the debt market at high coupons or from asset sales. Meanwhile, to boost earnings, the bank cannot afford to let up from its attack on expenses.

The saddest side to the saga is that two-thirds of the bank's shareholders are private individuals. Of course they should have realised that equity investment involves risk – but this is the sort of stock that widows and orphans bought when they thought banks were as safe as houses. Though in California, even houses have been letting their investors down.




If the prospect of falling interest rates has receded – pending softer rates in the U.S., which are in turn looking less imminent – that should help to stabilise the pound. Admittedly there is still an oil-price worry, but it has probably worked its way into the exchange rate by now, to the evident relief of the equity market. And if conspicuous decisions to switch cash into bricks and mortar imply a higher real return on house-property than on gilt-edged, the equity market after all may be right to scent n coming relaxation.

## Markets

If the July money supply figures had been definitely bad, that would no doubt have reversed the recent slippage in sterling.

Most investors still work on the assumption that if money is seen to be out of control, the authorities will pull in more overseas funds by keeping up interest rates – and preserving the running yield on a sterling position. Yet the thoroughly discounted fall in sterling M3 which duly emerged yesterday should not in itself have been enough to shake 3 cents off the rate against the dollar.

Though there are a few wishful thinkers left in the City of London, looking for regular cuts in base-rate from now until Christmas, the tide is running against them. Nothing in the yield curve now suggests that there is another half-point coming soon.

The continuing shortage in the money market is, in any case, looking more and more like a structural feature. The rolling repurchase agreements, which in previous years merely helped to tide the banks over the peak tax-paying season, have now been in place without interruption since January. If it were all going to a single bank, help of this permanence might be described as bail-out; offered on a broad front, it can be represented as a purely technical manoeuvre.

## Guinness/Bell

The Arthur Bell defence document was scarcely worth waiting up for after all. As midnight chimed, the group reported a mere 6.5 per cent rise in pre-tax profits for the year to June and n dividend increase which owed far more to the presence of Guinness than to prospects for the current year.

With Guinness still having the better of the management and marketing arguments, Bell desperately needed solid numbers to give substance to its defence. While a 66 per cent dividend increase can theoretically be justified on the grounds of the group's very generous historic cover, what matters at this stage is earnings and assets. It looks, however, as if basic earnings per share have fallen for the second successive year, while the chartered surveyors have extracted nothing more tangible from the hotel portfolio than an expression of optimism.

All of which leaves Guinness in a remarkably comfortable position. The brewer's share price has seen some mysterious buying this week and cynics would be forgiven for believing that last night's price of 259p reflected the imminence of another underwriting. Yet, at that level, the equity offer is trailing less than 10p below the Arthur Bell price, which closed unchanged on the day at 240p.

So Guinness might yet secure control of Bell by sticking to its present terms. The likelihood must be, however, that it will sweeten the offer before the week is out. Guinness wants Bell very badly and the precedents for opposed offers winning the day on the initial terms are very slight. Whether Guinness will move as far as a one-for-one equity swap is another matter.

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# Icahn lifts holding in TWA over 40%

**By Terry Dodsworth in New York**

MR CARL ICAHN, the New York financier, has considerably strengthened his hand in the takeover battle for TWA, the U.S. transatlantic airline, by increasing his stake in the company to 40.6 per cent.

Mr Icahn revealed yesterday that he has increased his holding in the airline from around 35 per cent in a series of acquisitions from the beginning of July. In this period he has paid between $21¼ and $22¾ a share for around 2.7m shares, he said.

The acquisitions put Mr Icahn in a commanding position in the bid for TWA which he announced earlier this week. His offer of $24 a share in cash and securities is worth $1 a share more than the rival proposal from Texas Air, and Mr Icahn has demanded a reply from TWA by tomorrow.

Mr Icahn, who has been widely criticised for "raiding" companies by selling off strategic stakes rather than pushing through full takeovers, insists his offer for TWA is serious. He is being backed by the pilots' and machinists' unions at the company, who have agreed to accept substantial wage restrictions proposed by Mr Icahn in return for profit and equity sharing.

Wall Street is not entirely convinced, however, that Mr Icahn will proceed with a full offer. He has reserved the right to withdraw the bid if he does not receive a favourable response from the TWA management, and has also drawn up an agreement with his two union backers to share any profits that might arise from a sale of his shares.

Partly reflecting these doubts, TWA shares were actively traded yesterday, with more than 2m changing hands by midday. The price fell by $¾ to $22⅛ by early afternoon.

# American Can buys stake in Jefferies

**By William Hall in New York**

AMERICAN CAN, the U.S. packaging group which has moved heavily into financial services, is taking a stake of up to 20 per cent in the Jefferies Group, a brokerage firm which specialises in trading in shares outside the major stock markets.

American Can's financial services subsidiary, Associated Madison Companies, is purchasing $12.42m of 7 per cent convertible subordinated notes of Jefferies, convertible into common stock at $23 per share, and buying 697,000 common shares at $19. Some 500,000 of these shares are being bought from existing shareholders and the balance will be newly-issued.

Associated Madison, which currently owns $20m in Jefferies convertible debentures, is selling its AC Securities stock broking subsidiary to W&D Securities.

# Akzo forecasts record after mid-year surge

**BY LAURA RAUN IN AMSTERDAM**

AKZO, the Dutch chemicals and fibres group, lifted its earnings 5 per cent to Fl 203m ($64m) in the second quarter compared with the same period a year earlier and forecasts an improvement in 1985 profits over last year's record level.

The company predicted last April that 1985 net income would at least equal last year's Fl 752m, but the 17 per cent spurt in first-half earnings has apparently boosted expectations. Extraordinary gains fuelled profits in both the first and second quarters while the European synthetic fibre operations aided results in the April-June period.

Akzo said last week that it hoped to double profits in the coming five to eight years by shifting its product mix toward higher added-value goods. As part of this strategy, the Arnhem-based company recently acquired U.S. biotechnology operations from Warner Lambert and Litton Industries and plans to sell its American Enka textile fibre operations to BASF.

Textile fibres now account for only 13 per cent of overall sales, compared with 43 per cent in 1969 when the company was formed as a merger of a number of chemical and fibre companies. Biotechnology activities have jumped to nearly 15 per cent from 11 per cent as recently as last year.

In the second quarter, sales rose 11 per cent to Fl 4.47bn, although operating income relative to sales slipped to 7.6 per cent from 8.2 per cent. This was due mostly to a 25 per cent plunge to Fl 71m in operating income from chemical products, where salt and heavy chemicals operations were eroded by maintenance stoppages and breakdowns at several plants. Sales of special chemicals stabilised at a "satisfactory" level.

Net income rose 17 per cent to Fl 458m in the first half, boosted significantly by an extraordinary gain of Fl 35m from the sale of a 49 per cent stake in Akzo consumer products to Royal Dutch/Shell. The extraordinary gain compares with a Fl 45m extraordinary loss in the first six months of 1984.

Akzo said it is still interested in further U.S. acquisitions and remains awash in liquidity with Fl 1.3bn in cash and marketable securities compared with Fl 1.07bn at June 1 1984. The prime target areas are pharmaceuticals, special coatings advanced plastics and special chemicals.

# Dutch fire-protection group buys 53% stake in Sicli

**BY DAVID MARSH IN PARIS**

EUROPEAN Fire Protection, the Dutch-based group which controls the UK fire extinguisher company Nu-Swift, yesterday bought a 53 per cent stake in Sicli, the leading French manufacturer of fire protection equipment.

The purchase, for FFr 43.2m ($5m), is believed to be the prelude to a bid under which Nu-Swift would take direct control of the company, banking sources said yesterday. Such a move would give Nu-Swift a powerful position on the French market, as it already controls the second-biggest French fire equipment maker, General Incendie.

The purchase by European Fire Protection, which owns 40 per cent of Nu-Swift, was made from Société Lyonnaise des Eaux, one of the two big French private sector water utilities.

The acquisition of 53 per cent of Sicli's FFr 71.6m nominal capital was made at a price of FFr 57 per share. This is a substantial discount on the company's last traded share price on July 5, when the stock was suspended on the Paris bourse after a quote of FFr 85.50.

This reflects the belief among both parties to the transaction that the Sicli share price had become overvalued during a wave of buying on the bourse earlier this year.

The agreement to set a discount from the bourse price is likely to come as an unpleasant surprise for minority shareholders in Sicli. Under the terms of the deal they have until September 6 to sell their shares at a guaranteed price of FFr 53.

The deal is believed to be the biggest acquisition at a discount from the market price agreed to Paris in recent years. Apart from special factors which may have driven up the Sicli price in recent months, bourse dealers generally have been warning that the level of Paris equities has been becoming unrealistically high: prices have more than doubled since the end of 1983.

Sicli, with turnover of about FFr 830m, made a parent company profit of FFr 432,000 last year after a loss of FFr 19.8m in 1983. Apart from making general fire protection and detection equipment it also produces fire engines for specialist situations like airports and harbours and runs industrial and commercial security and surveillance operations.

The acquisition was put together by the Banque Privée de Gestion Financière and Banque Indosuez. A Sicli spokesman said last night that a bid by Nu-Swift to take direct control of the company, was a possibility but nothing had yet been decided. Banking sources said Nu-Swift would need first to put into effect a full audit of Sicli and make other moves to comply with London stock exchange regulations.

# Control Data result revised

**BY OUR NEW YORK STAFF**

CONTROL DATA, the U.S. computer group, has sharply reduced its reported earnings for last year and the second quarter of 1985 following pressure over its accounting methods from the Securities and Exchange Commission (SEC).

The effect of the revisions is to cut 1984 earnings by $26.5m from a reported $31.6m, or 81 cents a share, to $5.1m, or 12 cents a share. In the second quarter of this year, reported earnings have been reduced by $8.6m, resulting in a loss of $4.8m, or 12 cents a share, against the profit announced earlier of $3.8m, or 10 cents a share.

The group said yesterday it believed its accounting methods were supported by "authoritative" literature, but that the SEC, the watchdog for the U.S. securities industry, had argued the contrary.

Part of last year's revisions related to the treatment of tax benefits of net operating loss carryforwards incurred in the phaseout of the group's plug-compatible business. The company had recognised these benefits to the tune of $16.8m, but the SEC said they should not be recognised until they were realised through profitable operations.

A further $9.7m of 1984 revisions concern a switch to the equity method of accounting for Control Data's investment in Earth Energy Systems (EESI), which meant losses accumulated in the 1980 to 1983 period were charged to retained earnings. The SEC argued these losses should be charged directly to current earnings under the cost method of accounting.

Like many other U.S. computer companies, Control Data has recently been struggling to cope with the slump in the market. Last year, the company made a $70.3m after-tax charge following its decision to pull out of the plug-compatible IBM equipment market, and only three weeks ago, it announced temporary layoffs of 4,000 of its 5,700 employees.

# Australian deal forms largest retailer

**By Michael Thompson-Noel in Sydney**

TWO of Australia's biggest retailers, G. J. Coles and Myer Emporium, are to merge, forming a powerful retailing combine with total annual sales of more than A$10bn (U.S.$7.1bn).

Yesterday Coles raised its offer for Myer, announced last month, to three of its own shares plus A$5.52 cash for every five Myer shares, or a straight A$3.25 per Myer share, against A$3 cash originally.

The deal – Australia's biggest – is worth up to A$1.12bn and gives the new group, Coles Myer, unchallenged dominance over other big Australian retailers like David Jones, Waltons Bond and Woolworths (no relation to the U.S. or UK groups of that name). The original offer was worth A$985m.

The Australian retailing sector is now prospering in line with the Australian economy, which is entering its third year of robust growth.

Mr Sidney Baillieu Myer, the Myer chairman, and Mr Bevan Bradbury, Coles' chairman, shook hands on the deal yesterday – the latest in a spate of takeovers and other rationalisations that are steadily transforming the Australian corporate scene.

The two companies said yesterday that Myer's biggest shareholders had signalled acceptance of the deal. These include the Myer family company (Barclay Investment, with 22.6 per cent), Mr Solomon Lew (12.9 per cent), and the Westfield property group (12.5 per cent).

Mr Bradbury will be chairman of the enlarged group, and Mr Myer deputy chairman. Mr Brian Quinn, Coles' chief executive, will be chief executive of the new company.

# Laly makes record offer for control of Kosmos

**BY FAY GJESTER IN OSLO**

LALY, a small, newly restructured Norwegian investment company which recently sought NKr 250m ($30m) of fresh capital from investors in Norway and the UK, is attempting to secure control of Kosmos, a Norwegian shipping and industrial group with a current market value of more than NKr 2bn, 3,500 employees and 1984 turnover of NKr 2.77bn.

In a move which has astonished the Norwegian financial community, the smaller firm has offered NKr 236 a share for 50.1 per cent of Kosmos' 9,465,000 shares. Its present stake in the group is about 4 per cent.

The deal – if it succeeds – will be the largest ever on the Norwegian market. However, several aspects are not clear. Laly has not said when cash payment would be made under its offer – which is open, initially, for only 14 days. Nor has it said how it would raise the funds required.

Mr Wilhelm Blystad, the older of two brothers who together have a controlling stake to Laly, told the press the company had the backing of "several" banks' – without specifying which.

The banks which underwrote Laly's share issue in June had to take up a sizeable proportion of it, owing to lukewarm market interests.

The Blystad brothers have been active in a number of profitable "in-and-out" takeover deals on the Norwegian market in the past year or so – most apparently financed by borrowing. The sums involved have, however, been much smaller than the amount needed to gain control of Kosmos.

Kosmos said yesterday it was studying Laly's offer and would make a recommendation to its shareholders after a board meeting this morning.

Trading in Kosmos equity was suspended on Monday, but resumed yesterday when 7,000 shares changed hands at between NKr 227.50 and NKr 222.50 – up from last Friday's traded price of NKr 214 (par value NKr 25). A total of 10,000 Laly shares were traded yesterday at prices between NKr 50 and NKr 51.50, up from Monday's NKr 49 (par value NKr 50).

# Toyota South Africa suffers first-half loss

**BY JIM JONES IN JOHANNESBURG**

TOYOTA, South Africa's largest motor manufacturer, slipped into loss in the first half of this year as a result of lower operating income, higher interest charges and foreign exchange losses.

Operating income before interest and tax dropped to R23.6m ($10.8m) in the six months to June 30, 1985 from R46m in the first half of last year. Last year's interim interest income of R170,000 was converted into a charge of R16.7m, while the interim foreign exchange loss rose to R17m from R3m resulting in a loss before tax of R10.1m against a surplus of R43.17m.

Operating income totalled R79.9m in 1984. There was an interest charge of R17m and the year's foreign exchange loss was R32.8m.

Though market penetration rose to 27.8 per cent from 22 per cent during the first half of the year, vehicle sales fell to 40,783 from 51,888. By way of comparison the country's total vehicle sales fell by 38 per cent in the first half. Toyota was particularly affected by the weakness of the rand which led to higher costs of imported components, an inability to pass higher prices on to buyers and comparatively high inventory financing costs.

Mr Albert Wessels, Toyota's chairman, says the motor industry's immediate outlook is bleak. But although he believes results will remain poor for the rest of this year, Toyota expects better trading conditions in 1986.

There was a first-half loss of 220.9 cents a share against first-half earnings of 581.5 cents in 1984. The interim dividend has been cut to 25 cents from 75 cents. In 1984 earnings totalled 1,001 cents a share and a total dividend of 160 cents was paid.

# Sika Finanz plans to raise dividend

**By John Wicks in Zurich**

SIKA FINANZ, the Swiss parent company of the building-chemicals group Sika, has announced plans to increase dividend pay-out and issue non-voting shares.

At the November 21 annual meeting of the Baar-based holding, the board will propose distribution of SwFr 25 ($10.87) per registered share and SwFr 50 per bearer share. This compares with respective dividends of SwFr 20 and SwFr 40 for 1984-85 and follows an improvement in net profits for the year from SwFr 5.11m to SwFr 7.24m.

Shareholders will also be asked to approve the creation of non-voting participation certification. A first tranche of SwFr 6.1m will be offered for subscription on conditions to be determined this autumn.

During 1985 the Sika group has reported "good growth" according to plans for production and sales.

EUROBONDS

# Australian sector shows strain

**BY MAGGIE URRY IN LONDON**

THE SOGGY state of the Euro-Australian dollar bond market was amply demonstrated yesterday. The sector is under pressure from the volume of new paper issued and a new A$60m (U.S.$75m) deal for Australian Telecommunications, the state-owned monopoly, was given a higher coupon than many recent deals.

Despite competition between six banks for the mandate, the issue did not come on the most aggressive terms. Orion Royal Bank set a 13 per cent coupon for the seven-year issue with a 100¾ issue price. Three co-leads were brought in – Daiwa Europe, Deutsche Bank and Union Bank of Switzerland (Securities) – reflecting the geographical spread of investor interest. The bonds were trading just inside the 2 per cent total fees.

Borrowers popular with investors, especially in West Germany, are not hampered by the excess of new paper, and Commerzbank yesterday increased its five-year issue, which has a 12¾ per cent coupon, from A$50m to A$75m to meet strong demand. Meanwhile Barclays Australia's issue, launched on Monday with similar terms to Commerzbank's was struggling well outside its fee discount.

More Australian dollar deals are expected, with Tasmania a likely borrower.

The New Zealand dollar Eurobond market is suffering even more than the Australian dollar market; retail buying is slow. Merrill Lynch launched a NZ$50m (U.S.$27.7m) deal for Bergen Bank with a three-year life and paying a 16¾ per cent coupon. Issue price is 100¾, and commissions are 1½ per cent.

The Eurodollar bond market firmed slightly yesterday although trading was minimal ahead of the U.S. Treasury auctions, which started last night.

Two fixed-rate issues were launched, both for Japanese borrowers. Mitsubishi Corporation, the leading general-trading group, is raising $100m through a 10-year issue paying a 10½ per cent coupon. Merrill Lynch set the issue price at 101. Fees total 2 per cent, and the bonds were bid within that discount.

Tokyo Engineering launched a $50m deal which is guaranteed by Mitsui Bank. The issue, led by Yamaichi International (Europe), has a five-year maturity, a 10¼ per cent coupon and issue price is 101⅛. Fees are 1⅞ per cent but the deal was launched too late to trade actively.

Little activity was seen in the three Euroyen dual-currency deals launched on Monday. Although Japanese investors are not allowed to buy Euroyen deals for 180 days after issue, most of the paper is expected to end up in Japan.

Falling interest rates and a shortage of new paper in the public D-Mark Eurobond market helped the European Investment Bank to set a 6¾ per cent coupon for its DM 200m 12-year issue, led by Deutsche Bank. The coupon is the lowest seen for such a long maturity since the late 1970s.

Issue price was set at 99, and the deal was well received by investors. The bonds were trading close to issue price, well inside the 1¼ per cent selling concession.

The D-Mark Eurobond market improved by ⅜ point on average yesterday in more active turnover. Traders were encouraged by hopes of falling rates, and the possibility of a further cut in official interest rates.

In the Swiss franc foreign-bond market, Soditic set the final terms for the Consolidated Press SwFr 200m 10-year issue. The coupon was fixed at 6¼ per cent and issue price at 100¾, a yield lower than the indicated 6¼ per cent.

In the secondary market prices were little changed in quiet trading. Dealers expect a pick-up in business next week when many investors return from holiday.

The European currency unit market was weaker yesterday by around ⅛ point, with new issues suffering more. Traders are nervous of a further realignment of the currency basket later in the year.

● West German banks will try to agree on a reference rate for domestic floating rate notes equivalent to the London interbank offered rate (Libor) when they meet in Munich today, the Finance Ministry told Reuter.

The ministry said the need for a domestic reference rate had arisen with the Bundesbank's liberalisation of capital markets from the start of May.

International bond service, Page 15

# Japanese launch two CD floaters

**By Alexander Nicoll in London**

THE LONDON branches of two Japanese banks, Fuji Bank and Mitsubishi Bank, have each launched $50m floating rate certificate of deposit issues with a maximum coupon – a concept used recently in the U.S. CD market as well as in floating-rate Eurobonds.

Credit Suisse First Boston is lead manager of the identical five-year issues, with Fuji International Finance as co-manager on its parent's deal.

The borrowers are paying an interest margin of ⅛ point above three-month London interbank offered rate (Libor), more than normal, to compensate CD buyers for the risk involved in the 12¾ per cent rate cap.

The Japanese banks effectively raise funds below Libor, however, because they sell the cap on to other borrowers, such as U.S. saving and loan institutions, which are interested in the fixed-rate protection.

Bankers say there could be more issues of this type. The potential market, however, is limited by the extent to which buyers are prepared to pack their portfolios with rate-capped paper. A spate of capped FRN issues in June dried up because of dwindling investor demand rather than a scarcity of buyers of caps.

This announcement appears as a matter of record only. These Securities have not been registered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly, in the United States or to United States persons.

New Issue / July, 1985

KOP

U.S. $100,000,000

Kansallis-Osake-Pankki
(Incorporated with limited liability in Finland)

Subordinated Floating Rate Notes Due July 1997

Salomon Brothers International Limited
Kansallis-Osake-Pankki
Banca Commerciale Italiana
BankAmerica Capital Markets Group
Banque Nationale de Paris
Commerzbank Aktiengesellschaft
Credit Suisse First Boston Limited
Dresdner Bank Aktiengesellschaft
Goldman Sachs International Corp.
Mitsubishi Trust & Banking Corporation (Europe) S.A.
Morgan Guaranty Ltd
Nomura International Limited
Shearson Lehman Brothers International
S. G. Warburg & Co. Ltd.

The Guinness brewing family
of Ireland and England
has sold for
**$82,500,000 (Cdn.)**
all the shares of
**British Pacific Building Limited**
to
**Campeau Corporation**

The undersigned acted as financial advisors to the vendors.

**Burns Fry Limited**
July 1985

# INTERNATIONAL COMPANIES and FINANCE

**Laura Raun** on the ambitious plans of a Dutch photo-copier manufacturer

## OCE looks to the office of the future

OCE-VAN DER GRINTEN has spent much of its long life as a small company battling with some of the world's corporate giants. Through a reputation for superb reliability and innovative products, the Dutch photocopier maker has captured nearly a fifth of the world design engineering market against names like Xerox and Ricoh. In business office copying, OCE claims a respectable 8 per cent of the European medium to high-volume market alongside such competitors as IBM, Xerox and Canon.

Now the company, based at Venlo, near the German border, is breaking into the office automation market, where it is up against some of the same companies, together with others including Digital Equipment and Data General. An important questioo for OCE's future is wbether It can duplicate its own strategy of carving out a nicbe with outstanding dependability, technology and service.

### Heavy research and development spending

The company, with sales of Fl 1.8bo ($560m) in 1934, was founded more than 100 years ago by a pharmacist named Lodewijk van der Grinten who provided yellow dye to a margarioe maker later called Unilever. By the turn of the century, operations had expanded into dyeline copying for design engineering offices. This diazo process, in which a chemical retains the image to ba copied, contained only "oae component," giving rise to the oame "OCE."

The van der Grintens, a scientifically inclined family who still keep a small stake in the company, have encouraged beavy research and developmeot, which amount to nearly 5 per cent of sales. The traditional diazo process has been highly developed to incorporate automation, while plain paper copiers using electrophotograpby have also been introduced. By steadfastly improving products and organising a direct sales and service network in 90 countries, OCE has reaped notable customer loyalty.

OCE only entered office copying in 1973, but was nonetheless the first European to design, manufacture and sell its own plain paper copier. In clearly targeting medium and high volume sectors, OCE has efficiently marshalled modest resources to provide clients with trustworthy, functional machines. "Ours are workhorses" with fewer "tooters and bells" but more reliability than competitors' models, says Mr J. J. Kaptein, chairman.

The company established a beachhead in the U.S. two years ago with help from a Dutch venture capital company and already claims 2 per cent of that $25bn market. Even in the U.S., where glossy advertising and slick marketing reign, OCE is proceeding with Dutch prudence: rather than spending lavishly on advertising, the company offers a money-back guarantee on copier "up-time." Establishment of a solid sales and service organisation is taking precedence over high-pressure marketing.

OCE's modular style has been denigrated as "boxy," yet its copiers have won a string of indnstrial design awards. Simplicity of form and colour have been intentionally choseo to make the machines "environmentally compatible," while details are designed to give visual unity. For example, most dimensions are functions of 12 mm, which is about the finger width needed for a basic on-off button.

The office copying market is growing at 10-15 per cent a year (design engineering is fairly stable), but OCE is setting its sights eveo higher. In 1980 it entered the highly competitive office antomation market with a phased approach which has broadened slowly from a stand-alooa word processor to a multi-user, integrated system. Office antomation accounts for only 3 per cent of OCE's sales, though aventually it could expand into a third sector alongside design engineering and business office copying, says Mr Kaptein.

### Familiarity with office documents

OCE believes its thorough familiarity with office documents—from generation to copying to filing—coupled with its bistorical emphasis on technology, will enabla it to slice oot a piece of the office automation market. "Our big brothers in competition are coming from a data background but are not attentive to print on paper," asserts Mr Kaptein, a 16-year OCE veteran.

"We're coming from a paper reproduction background and we're sure paper will survive in the office of the future."

One of those "big brothers" is Rank Xerox, which has a plant only a few kilometres away in Venray. Rank Xerox, too, is moving into office automation from its stronghold in copying.

OCE buys both hardware and software from CPT, the U.S. computer maker, as well as developing products in-house. The OCE work station, which is compatible with IBM and Digital equipment products, can be linked into a network with access to a microprocessor and to telecommunication lines for data base retrieval. Software packages incinde a scientific programme with molecular diagrams and Greek symbols, and administrative programs for notaries, architects and doctors.

A laser printer will be introduced oext year whicb will interface with OCE and other word processors and which promises unsurpassed clarity, speed and flexibility. Above all, OCE is touting careful training, consultation and technical service for confused customers trying to create the "office of the future."

Office antomation is the fastest growing area of OCE's R and D spending, absorbing abont ooe-quarter of the total Fl 88m budget and one-fifth of the 750 R and D employees. But this is the ante for a high stakes game in which hardware and software can become obsolete in as short a time as one year. Mr Keith Wharton of Wharton Information Systems, a London-based market research firm, estimates that the European office automation market totals more than $5bn and is nearly doubling each year.

OCE recently expanded into Sweden and Norway by buying CPT's distribution rights in those countries and in February it took a one-quarter stake in BSO, a leading Dutch software house. But the caution with which OCE has eased into the market has left it a laggard, according to Frau Hilde Uhle, a Munich-based analyst with Dataquest, the U.S. market research firm. "Unless they have a concept tbat really will allow them to leapfrog abead, it will be very difficult," she warns.

Frau Uhler believes OCE's biggest bandicap is its link with CPT, whose computers are too slow aod limited io their networking capacity. "No matter bow much they're adding software . . . it will be difficult lo overcome the disadvantages of CPT," she asserts. Another analyst with Dataquest, Ms Linda O'Keefe, adds that OCE must bave a pricing strategy that allows a profit on support services, "which can eot you alive"

Mr Wbarton, who numbers CPT among his clients, nevertbeless contends that CPT is the "best in breed" and is improving its network capability. He also argues that the office personal-computer market has only beguo to take off, with less than 5 per cent of European white collar workers baving access to an "electronic keyboard." While OCE may not become a "mainstream player," he says, it still could carve out a niche among customers "buying solutions," such as doctors and dentists.

The odds seem to be stacked against OCE, but if the Dutch company decides to pull out of the office automation market, it would probably do so only after a judicious appraisal of all the factors. OCE did retreat from the computer-aided-design/computer-aided-manufacturing (CAD/CAM) market in the past couple of years when its West German partner, Dietz, was acquired by Norsk Data. OCE remains interested in CAD/CAM but only in conjunction with another company which could provide the vast resources needed to break into the market.

From its modern wood and glass headquarters on an idyllic site along the Maas river, OCE has steered a solid course through economic turmoil and international competition. Since Mr Kaptein took over as chairman in 1974, earnings have grown steadily at an average of about 15 per ceot a year, while return on equity has been about 8 per cent.

The company has been sheltered from Holland's particularly sluggish growtb because nearly 90 per cent of sales origioate abroad. Profitability, however, has stagnated around 3½ per cent.

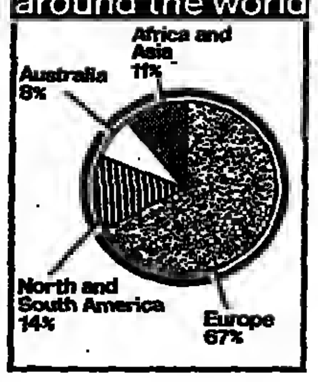
Tbe equity-to-assets ratio has remained around 40 per cent, with a 200,000-share offering in tbe U.S. last year. Many of the company's investments are financed internally, with most of the costs of rental copiers, for example, offset by depreciation.

### Striving for high standards

OCE strives for high production standords through "quality circlea" of 8-10 workers who follow each copier from start to finish and periodically change jobs. Rock music wafts from radios as employees go about tbeir tasks in neat factories, with big windows facing the Veolo woods.

"We are a dedicated, serious company making quality products that work properly," summarises Mr Kaptelo, who will retire in three years. His main goal before steppiog down is to create a "viable presence in the U.S." an ambitious yet not unattainable objective.

OCE sales around the world




**TRADING RESULTS OVER SIX YEARS**

| | Sales Fls bn | Pre-tax profit Fls m |
|---|---|---|
| 1979 | 1.3 | 75.9 |
| 1980 | 1.43 | 67.6 |
| 1981 | 1.64 | 62.8 |
| 1982 | 1.65 | 61.3 |
| 1983 | 1.66 | 80.4 |
| 1984 | 1.83 | 96.4 |

## Stanbic profits rise 25% in first half

BY JIM JONES IN JOHANNESBURG

STANDARD BANK Investment Corporation (Stanbic), South Africa's second largest banking group and the 42 per cent-owned arm of Standard Chartered Bank PLC, increased it pre-tax profit by 24.9 per cent in the six months ended June 30 1985, despite a significant slowing in the rate of growth of advances.

The first half's operating profit rose to R1.14bn ($6.4m) from R722.2m, but a significantly higher cost of funds increased the first half's interest bill to R1.04bn from R640.8m, which left the interim pre-tax profit at R101.7m against R81.4m.

In 1984, pre-tax profit totalled R215.6m. In Johannesburg yesterday Dr Conrad Strauss, the group's managing director, said the first half's profit advance was achieved against a background of restrictive measures introduced by the authorities last August to curb the growth of money supply and bank credit. In the six months to end June, advances to customers rose by 5.2 per cent to R13.86bn from R13.18bn at the end of December 1984. In the first half of 1984 advances increased by 22 per cent to R10.57bn on June 30.

Dr Strauss says the deteriorating financial position of many companies and individuals led to a significant deterioration in Stanbic's bad-debt experience. The group's hire-purchase division was particularly badly affected while the commercial and merchant banking arms improved their profits.

First-half earnings increased to 92 cents a share from 83 cents and the interim dividend has been lifted to 20 cents from 18 cents.

**FIRST CHICAGO CORPORATION**
US$200,000,000 Floating Rate Subordinated Capital Notes Due 1997
Notice of Rate of Interest
Notice is hereby given that the rate of interest on the Floating Rate Subordinated Capital Notes due 1997 (the "Notes") issued by First Chicago Corporation for the interest period commencing August 7, 1985 and ending on November 7, 1985 has been determined to be 8⅞ per cent per annum. The interest payment date for such interest period is November 7, 1985. The interest amount, i.e. the amount of interest payable in respect of each US$10,000 principal amount of Notes, for such interest period is US$215.63.
CHEMICAL BANK
As Agent Bank for First Chicago Corporation.

THE SAITAMA BANK, LTD.
U.S. Dollars 20,000,000
Floating Rate U.S. Dollar Negotiable Certificates of Deposit
Due 28th September, 1986
Callable at the Issuer's Option On 28th September, 1985
In accordance with the terms set out in the Certificates, The Saitama Bank, Ltd., have elected to exercise their call option. The Certificates will therefore mature on 28th September, 1985 and payment will be effected on the principal amount plus interest at 9⅜% pct. per annum for the interest period ending 28th September, 1985 at The Saitama Bank, Ltd. (London Branch).
Samuel Montagu & Co. Limited
Agent Bank
7 August 1985

All of these securities have been sold. This announcement appears as a matter of record only.
July, 1985
**centrafarm group nv**
1,400,000 Common Shares
L. F. ROTHSCHILD, UNTERBERG, TOWBIN
NOMURA SECURITIES INTERNATIONAL, INC. | BEAR, STEARNS & CO. | ALEX. BROWN & SONS Incorporated
DONALDSON, LUFKIN & JENRETTE Securities Corporation | DREXEL BURNHAM LAMBERT Incorporated | HAMBRECHT & QUIST Incorporated
E. F. HUTTON & COMPANY INC. | LAZARD FRERES & CO. | MONTGOMERY SECURITIES
PAINEWEBBER Incorporated | PRUDENTIAL-BACHE Securities | SHEARSON LEHMAN BROTHERS INC.
SMITH BARNEY, HARRIS UPHAM & CO. Incorporated | WERTHEIM & CO., INC. | DEAN WITTER REYNOLDS INC.
ARNHOLD AND S. BLEICHROEDER, INC. | MABON, NUGENT & CO.
PIERSON, HELDRING & PIERSON N.V.
COMPAGNIE de BANQUE et d'INVESTISSEMENTS, CBI | INVESTCO N.V. | NEDERLANDSCHE MIDDENSTANDSBANK N.V.
PICTET INTERNATIONAL LTD. | VEREINS- und WESTBANK Aktiengesellschaft | M. M. WARBURG-BRINCKMANN, WIRTZ & CO.

U.S. $250,000,000
CL
**Crédit Lyonnais**
Floating Rate Notes Due 1997
In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 7th August, 1985 to 7th November, 1985 the Notes will carry an Interest Rate of 8½% per annum. The interest amount payable on the relevant Interest Payment Date which will be 7th November, 1985 is U.S. $217.22 for each Note of U.S. $10,000.
Credit Suisse First Boston Limited
Reference Agent

**Taiyo Kobe Finance Hongkong Limited**
U.S. $100,000,000
Guaranteed Floating Rate Notes due 1997
Guaranteed as to payment of principal and interest by
**The Taiyo Kobe Bank, Limited**
For the three month period 7th August 1985 to 7th November 1985 the Notes will carry an interest rate of 8½% per annum with a coupon amount of US$217.22 per US$10,000 Note and US$5,430.56 per US$250,000 Note, payable on 7th November 1985.
Bankers Trust Company
Agent Bank

**BASE LENDING RATES**

| | | | |
|---|---|---|---|
| A.B.N. Bank | 11½% | ■ Hill Samuel | §11½% |
| Allied Dunbar & Co. | 11½% | C. Hoare & Co. | 11½% |
| Allied Irish Bank | 11½% | Hoogkcog & Shanghai | 11½% |
| American Express Bk. | 11½% | Johnson Matthey Bkrs. | 11½% |
| Henry Ansbacher | 11½% | Knowsley & Co. Ltd. | 12 % |
| Amro Bank | 11½% | Lloyds Bank | 11½% |
| Associates Cap. Corp. | 12 % | Edward Manson & Co. | 12½% |
| Banco de Bilbao | 11½% | Meghraj & Sons Ltd. | 11½% |
| Bank Hapoalim | 11½% | Midland Bank | 11½% |
| BCCI | 11½% | ■ Morgan Grenfell | 11½% |
| Bank of Ireland | 11½% | Mount-Credit Corp. Ltd. | 11½% |
| Bank of Cyprus | 11½% | National Bk. of Kuwait | 11½% |
| Bank of India | 11½% | National Girobank | 11½% |
| Bank of Scotland | 11½% | National Westminster | 11½% |
| Banque Belge Ltd. | 11½% | Northern Bank Ltd. | 11½% |
| Barclays Bank | 11½% | Norwich Gen. Trust | 11½% |
| Beneficial Trust Ltd. | 13 % | People's Trust | 12½% |
| Brit. Bank of Mid. East | 11½% | PK Finans Intl. (UK) | 12 % |
| ■ Brown Shipley | 11½% | Provincial Trust Ltd. | 12½% |
| CL Bank Nederland | 11½% | R. Raphael & Sons | 11½% |
| Canada Permanent | 11½% | Roxburghe Guaraotee | 12 % |
| Cayzer Ltd. | 11½% | Royal Bank of Scotland | 11½% |
| Cedar Holdings | 13 % | Royal Trust Co. Canada | 11½% |
| ■ Charterhouse Japhet | 11½% | ■ J. Henry Schroder Wagg | 11½% |
| Choulartons** | | Staodard Chartered | ‖11½% |
| Citibank NA | 11½% | TCB | 11½% |
| Citibank Savings | ¶12½% | Trustee Savings Bank | 11½% |
| City Merchaots Bank | 11½% | United Baok of Kuwait | 11½% |
| Clydesdale Bank | 11½% | United Mizrahi Bank | 11½% |
| C. E. Coates & Co. Ltd. | 12 % | Westpac Banking Corp. | 11½% |
| Comm. Bk. N. East | 11½% | Whiteaway Laidlaw | 12 % |
| Consolidated Credits | 11½% | Williams & Glyn's | 11½% |
| Co-operative Bank | 11½% | Yorkshire Bank | 11½% |
| Tha Cyprus Popular Bk. | 11½% | | |
| Duncan Lawrie | 11½% | | |
| E. T. Trust | 12 % | | |
| Exeter Trust Ltd. | 12 % | | |
| First Nat. Fin. Corp. | 13 % | | |
| First Nat. Secs. Ltd. | 13 % | | |
| ■ Robert Fleming & Co. | 11½% | | |
| Robert Fraser & Ptns. | 12½% | | |
| Grindlays Bank | ‡11½% | | |
| ■ Guinness Mahon | 11½% | | |
| ■ Hambros Bank | 11½% | | |
| Heritable & Gen. Trust | 11½% | | |

■ Members of the Accepting Hoozes Committee.
* 7-day deposits 8.00%. 1 month 8.50%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8% gross.
‡ 21-days deposits over £1,000 8.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demaed deposits 8%.

**BankAmerica Corporation**
(Incorporated in the State of Delaware)
U.S. $400,000,000
Floating Rate Subordinated Capital Notes Due 1997
Holders of Notes of the above issue are hereby notified that for the final Interest Sub-period from 8th August, 1985 to 9th September, 1985 the following will apply:
1. Interest Payment Date: 9th September, 1985
2. Rate of Interest for Sub-period: 8 ⅟₁₆% per annum
3. Interest Amount payable for Sub-period: US$369.44 per US$50,000 nominal
Total Interest Amount payable: US$1042.18 per US$50,000 nominal
The following Interest Sub-period will be from 9th September, 1985 to 9th October, 1985.
Agent Bank
Bank of America International Limited

**Shawmut Corporation**
U.S.$50,000,000
Floating Rate Subordinated Notes Due 1997
Notice is hereby given that the rate of interest has been fixed at 8¾% and that interest payable on the relevant Interest Payment Date November 7, 1985 against Coupon No. 3 in respect of US$10,000 nominal of the Notes will be US$220.42
August 7, 1985, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank
CITIBANK

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# INTL. COMPANIES and FINANCE

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 6.

U.S. DOLLAR STRAIGHTS

| | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

OTHER STRAIGHTS

| | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

DEUTSCHE MARK STRAIGHTS

| | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SWISS FRANC STRAIGHTS

| | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

YEN STRAIGHTS

| | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

FLOATING RATE NOTES

| | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

CONVERTIBLE BONDS

| | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]

# Leucadia in $710m bid for Intergroup

By William Hall in New York

LEUCADIA National, a New York-based financial conglomerate which was been waging a long-running proxy battle against National Intergroup, has now made a $710m offer.

Leucadia, which in terms of stock market capitalisation is a third the size of National Intergroup, has offered $35 per share for all National's shares other than the 9 per cent stake it already controls.

Leucadia, which has twice lost proxy fights aimed at derailing National Intergroup's reorganisation plans, says it made the proposal "because it feels compelled to protect its substantial investment in National Intergroup."

Last week National Intergroup announced the sale of its First Nationwide Savings subsidiary to Ford for $400m and then announced that it was paying $172m in cash and stock for Permian, a Houston-based pipeline company controlled by Mr William Simon, a former U.S. Treasury Secretary who has a reputation as a deft financier.

Leucadia said it had hoped National Intergroup would have distributed the proceeds of the First Nationwide sale to shareholders. However, it has concluded that with the Permian acquisition, National Intergroup intends to reinvest a substantial portion of its cash resources in other businesses.

It said it was disappointed that National Intergroup's board had approved the issue of a significant amount of the company's common stock to Permian's stockholders at a time when Leucadia believes the current market price of National Intergroup shares does not "properly reflect the underlying value of National Intergroup's assets."

Leucadia's offer is conditional on the completion of Ford's acquisition of First Nationwide and the abandonment of the Permian acquisition.

# Hill Samuel to open office in Thailand

By David Lascelles in London

HILL SAMUEL, the UK merchant bank, has received permission to open what it claims is the first merchant banking representative office in Thailand.

The office will open on September 16 and will be headed by Mr David Tjioe, a Thai national with 14 years experience of the Thai economic and financial community.

Thailand strictly controls the entry of foreign banks and has not granted a new foreign branch licence in over 20 years. Hill Samuel needed a licence even though it is only opening a representative office.

Mr Brian Quick, head of Hill Samuel's commercial banking division, said yesterday that the virtual absence of merchant banks in Thailand meant there were good business opportunities. Hill Samuel intends to engage in capital markets activity and the finance of trade and commerce.

The Thai central bank was, according to Mr Quick, interested in Hill Samuel's offer to help develop Thailand's embryonic capital markets. Hill Samuel also said that through its alliance with Wood Mackenzie, the stockbrokers, it could interest UK investors in opportunities that become available in Thailand.

# Profits fall at mining group

By Kenneth Marston in London

A FURTHER fall in profits is announced by the Malaysian tin-producer Sungei Besi Mines. For the year to March 31 they amount to M$914,000 (U.S.$364,000), equal to 27 cents per share, compared with M$1.59m in the previous year. The downturn reflects lower sales.

The final dividend is reduced to 30 cents, making a total of 43 cents against 73 cents, all payments being less tax at 40 per cent.

Australia's Southern Resources says it has achieved its initial minimum production ore-reserve target at its 30 per cent-owned Western Tenements venture at the Mount Pleasant gold project.

The target was set by banks as a condition of project financing for a 600,000 tonnes a year operation.

The other partners are: Square Gold and Minerals (25 per cent), Technomin Australia (25 per cent), Mt Pleasant Gold Trust (12½ per cent) and Geometals (7½ per cent).

# Gemstar ahead

By Robert Gibbens in Montreal

GEMSTAR, the financial services, property and construction group which is bidding C$528m (U.S.$391m) for effective control of Canada Trustco, reports a six-month net profit of C$33.9m or C$1.23 a share against C$40.6m or C$1.04 a share, on revenues of C$1bn against C$851m.

Canada Trustco's management has not yet stated publicly its attitude to Gemstar's offer.

ADVANCE REDEMPTION NOTICE TO ALL HOLDERS OF

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In accordance with Clause 5(A) of the description of the bonds in the placing memorandum dated March 30, 1982, the Borrower has given notice to redeem the whole issue as on 25.9.1985 at 101% plus accrued interest up to redemption date from 1.4.85. To exercise the option the holders of bonds shall deposit their bonds with all unmatured coupons with the Fiscal Agent or any of the Paying Agents from whom payment is required.

CONTACT

PRINCIPAL PAYING AGENT

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Omar Bin Al Khattab Street, Al-Sharq Area,
P.O. Box 5665, Safat, Kuwait.

PAYING AGENTS

Citibank (Luxembourg) S.A.
16 Avenue Marie Therese
Luxembourg

Citibank N.A.
Avenue de Tervuren 249
Brussels, Belgium

الشركة الكويتية للتجارة والمقاولات والاستثمارات الخارجية (ش.م.ك)
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Sugar Quay, Lower Thames Street,
London EC3R 6DU
Telex London 885431

The remaining outstanding interest of

Crocker National Corporation

has been acquired by a wholly-owned subsidiary of

Midland Bank plc

The undersigned assisted in the negotiations and acted as financial advisor to the Special Committee of the Board of Directors of Crocker National Corporation in this transaction.

Shearson Lehman Brothers Inc.

August 7, 1985

This announcement appears as a matter of record only
May 1985

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# UK COMPANY NEWS

## Guinness rebutts Bell's eleventh hour defence

BY LISA WOOD

THE PUBLICATION by Arthur Bell and Sons of its defence document against the £300m bid by Guinness added further fuel yesterday to the acrimonious battle between the two companies.

Bell released the document—with a profit forecast of £37.5m for the year to June 30 1985 compared with £35.17m last year—just 30 minutes before the midnight deadline on Monday night as required by Takeover Panel rules.

There was confusion yesterday as to why this occurred, with some suggestions that Bell had encountered "technical" problems in finishing its document, although the Takeover Panel confirmed it was not involved.

Mr Raymond Miquel, chairman of Arthur Bell said: "There was lots of detail that had to be properly checked." However, he said the main reason was a "tactical one," as advised by his merchant bankers, Henry Ansbacher and S. G. Warburg. In the event, the delay embarrassed Guinness which had committed itself to half page advertisements in the national press yesterday in which it commented on the defence document expected 24 hours earlier.

Guinness, not to be outflanked, worked until early yesterday morning to prepare a statement on the defence document. Yesterday was the third acceptance deadline on its offer for Bell. It is understood the offer period will be extended.

The defence document said the profit forecast for the year to June 1985 would have been greater "had we not been building the platform for continuing growth in the years to come." Particular reference was made to New Picadilly Hotel, which opened on Monday, after a lengthy refurbishment.

Mr Miquel said in his statement that he had forecast dividends up by 50 per cent on those for 1984. He was now recommending a final dividend of 6.45p (net) per share making a total dividend for the year of 8p (net) per share, an increase of 66 per cent over dividends for the previous year.

The rest of the defence document flashed out arguments Bell has been making in its defence since Guinness launched its bid in mid-June.

Mr Raymond Miquel (left) and Mr Ernest Saunders

Mr Miquel said Guinness, in accusing the company of being a "one man band" completely misunderstood Bell's management approach. Bell's team of highly trained executives in each area of operation was the right approach for the future, as opposed to the traditional pyramid style of management, said Mr Miquel.

He said Bell's marketing policy was clear, consistent and above all, successful. It was to concentrate on the premium high quality and profitable end of the Scotch market.

Guinness had alleged that Bell was "unusually dependent on the UK market." Mr Miquel said 47 per cent of all sales by volume in the year ended 30 June 1985 were overseas and exports for the financial year increased by 14 per cent in value and 18 per cent in volume compared with the previous year.

Guinness, in its statement yesterday, said: "Bell's has produced a disappointing defence which reveals unchanged earnings per share for the third year running—and yet again dwells on the past instead of providing a strategy for the future." There was no indication of how Bell would reverse the decline of its UK business — the main profit source—nor did it seem to understand how to tackle the crucial U.S. market.

"The proposed dividend increase is wholly unjustified by Bell's ex-growth earnings which have been virtually unchanged over the past three years. The unsustainable increase in dividends highlights the board's willingness to continue to milk the whisky brands at a time when reinvestment and re-focusing is desperately needed."

Guinness, under the rules of the Takeover Panel has to decide this week whether or not to raise its bid, after consistently saying that its offer is a fair and full one. Last week the City was surprised by an announcement from Ladbroke, the leisure and gaming group, that it had acquired a 3.25 per cent shareholding in Bell and that it had no intention of accepting the current Guinness offer. Guinness is offering nine of its shares for 10 of Bell's with a 225p cash alternative.

Guinness closed last night at 259p, up 6p, valuing Bell at 233.1p. Bell closed at 240p.

See Lex

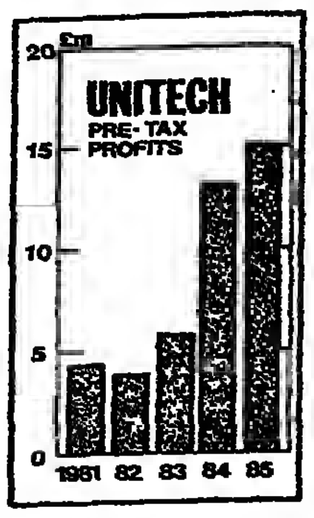
## Unitech over £15m despite pressure on trading margins

Unitech achieved a 14.6 per cent increase in 1984-85 profits despite lower contributions from three of its four main divisions.

The group result, up from £13.11m to £15.02m pre-tax, mainly reflected an improvement in electronic component marketing where profits rose from £6.3m to £8.22m.

Component manufacturing, electronic equipment and subunits, and industrial controls—despite higher sales—all returned less. Other operations, including the holding company, added a higher £526,000, against £206,000.

The largest fall was in electronic equipment and sub-units with sales of £30.98m, against £26.18m, producing profits of £2.41m (£2.88m). Industrial controls fell 9.77 per cent to £1.45m pre-tax while component manufacturing fell 4.9 per cent to £2.11m.




Total group sales to June 1, 1985, eased by just under £3 per cent to £204.71m but, with margins down by one full point, the advantage in trading profits was lower at 19.2 per cent to £17.45m. In addition, interest charges soaked up a higher £2.43m (£1.53m).

Earnings per share emerged up at 19.1p (18.3p) and the final dividend is being raised from 3.206p to 3.675p, making a higher total of 5.635p (4.9p).

Tax came to £6.13m (£5.41m) and minorities accounted for £263,000 (£80,000). There was a £968,000 debit (credit £267,000) relating to disposal of subsidiaries.

**● comment**

The market has taken Unitech's £1m or so shortfall on expectations very well considering the hammering some electronic stocks have received of late. The shares were ahead 17p to 232p, placing them on a historic p/e of just over 12. However, the temptation to simply add back in the trading losses of Dataport and Fibre Resins to formulate forecasts should be resisted. For it is not yet possible to talk with any confidence of an upturn in components. Although Unitech's component division's sales may well see 10 per cent growth this year, the pressure on margins (down almost half a point year on year) seems likely to continue at least for the first half. On the manufacturing half of the group, a lack of strategy is becoming apparent — although the disposal of Dataport and the closure of Fibre Resins amply demonstrates that senior management will act quickly to stem losses. This year could well see a couple of minor divestments matched by some small purchases. Both the German systems business and the minority stake in Holmberg in the U.S. may need a closer examination for future prospects. For this year — and not allowing for any upturn — analysts are looking for £16m pre-tax, which puts the shares on a prospective multiple of 11 with a 40 per cent tax charge — still a little too rich for the pessimistic.

## Valve division lifts Rotork

WITH A strong performance from the valve actuator division, particularly in the U.S., Rotork improved taxable profits by 10 per cent in the first half of the 1985 year.

The performance — up from £1.9m to £2.1m pre-tax — offset lower figures from the group's three smaller divisions, and the directors consider that it "reflects the resilience derived from our truly international spread of operations."

They add that the Jacques division has recently strengthened its management to help in marketing new products which have been introduced during the "temporary lull" in North Sea activity.

They expect a "modest improvement" from existing divisions in the second half, when they will include the results from the Protech acquisition for the first time, and add that the group's cash and balance sheet position remains strong.

The interim dividend is lifted from 2.04p to 2.1p which will absorb £637,954 (£401,473), with earnings per share standing at 6.1p (5p).

Turnover was marginally ahead at £13.83m, and tax came to £860,000 (£850,000). Net profits came out at £1.24m against £1.03m.

**● comment**

Rotork's core business of valve actuators may be working in a market dominated by inertia but it still remains a reliable generator of cash and profits; certainly this time round it has provided all the group's growth. The three smaller companies, Jacques, Ludlam Syscom and Evans, which together accounted for about a quarter of last year's profit, turned in disappointing interim figures. All three should do marginally better in the second half and that should underpin the core business, which does not enjoy the effects of a stronger pound on its international sales. The results of the closing half will, however, be dominated by the effect of the new acquisition, Protech, which will make an initial five-month contribution that could be worth £700,000 or so. That should lift the group total to £5.3m for a prospective p/e of around 7½. Protech represents the cornerstone of a new instrumentation division that will eventually rival valve actuators and before long one or two small acquisitions can be expected towards that end. Given the possibilities there, the shares at 114p, look unduly cautious.

### DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| David Dixon | 3.5 | Oct. 4 | 2.28 | 6 | 4.5 |
| Hambro Trust | 4.83 | Sept. 27 | 4.52 | 6.98 | 6.11 |
| Radiant Metal | 1.5 | Aug. 22 | 1.5 | 2.5 | 1.5 |
| Rotork .....int. | 2.4 | Oct. 22 | 2.1 | — | 4.5 |
| Unitech | 3.68 | Oct. 1 | 3.21 | 5.64 | 4.9 |

Dividends shown pence per share net except where otherwise stated.

*Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

## John Brown's £70m package approved

By Andrew Arends

John Brown's shareholders yesterday approved a £70m financial reconstruction of the debt laden engineering group.

Resolutions in favour of the reconstruction package, which includes a £12.6m rights issue, were approved overwhelmingly at an EGM held in London.

Under the arrangements, Trafalgar House is taking a 29.9 per cent stake in John Brown for £26.2m. The reconstruction also involves an agreement by John Brown's leading bankers to convert £37.2m of loans into preference and ordinary shares, leaving them with around 10 per cent of the enlarged share capital.

Brown's net borrowings will fall from 325 per cent of shareholders' funds to 45 per cent.

Sir John Cuckney, chairman of John Brown, said yesterday that the board attached considerable importance to the arrangements with Trafalgar House.

John Brown had much to gain from the arrangements, he claimed, particularly in the areas of international construction and in the oil and gas engineering field. John Brown, he said, was "too small to survive on its own."

Over the past four years John Brown has suffered retained losses of more than £75m, and it has sold many subsidiaries including its UK machine tool companies.

Its shares closed unchanged yesterday at 30p.

## GrandMet loses U.S. tobacco contract to BAT

BY LISA WOOD

Liggett & Myers, the troubled U.S. subsidiary of Grand Metropolitan, has lost a major cigarette manufacturing contract which could cut production by up to one-third.

Mr Stanley Grinstead, chairman of Grand Metropolitan, confirmed that Liggett, manufacturer of cigarettes, soft drinks, pet foods and sporting goods, had lost a contract to supply Generic Products Co with own label cigarettes. The contract has gone to Brown and Williamson, the BAT Industries subsidiary, a major competitor of Liggett.

Liggett has some 3.5 per cent of the U.S. tobacco market and it is understood that the loss of the contract with Generic Tobacco could reduce it to 2 per cent.

Mr Grinstead said: "Generic is a middle man that sold to the retail trade. We do not anticipate that the same volume of cigarettes will be lost at the retail end which we can reach by other routes."

Grand Metropolitan paid £370m five years ago for Liggett, of which Liggett & Myers, maker of Chesterfield and Lark cigarettes, is the tobacco division. The group, however, has been keen to dispose of L & M which has been hard hit by the war in the U.S. between "generic" non-branded cigarettes—a market which Liggett pioneered. A management buy-out agreement was struck but it collapsed last July.

Much of Liggett & Myers growth in the last few years has been from generic cigarettes, an intensely competitive market. Liggett & Myers made no contribution to trading profits of Grand Metropolitan for the half year to March 31 1985.

## Ailsa Trust net revenue exceeds £2m

NET ASSET value for the Ailsa Investment Trust increased by 24 per cent in the year to the end of May 1985. At the year end it stood at 115.6p, compared with 92.9p a year earlier.

However, since the year end the nav has fallen and at July 31 1985 it was 108.4p.

Directors of the trust, which is managed by J. Rothschild Investment Management, are recommending a final payment of 1.5p (0.9p), making a total for the year of 1.8p, compared with 1.3p for 1983-84. The amount absorbed by ordinary dividends paid and proposed, is £904,000, against £653,000 last time.

Net revenue before tax doubled to £2.06m (£1.03m).

## Combined English £3m disposal

Combined English Stores (CES) has agreed to realise its investment in Kingsbury Warehouses to produce £2.96m cash. Kingsbury operates 10 retail furniture warehouses in the south of England and its disposal will complete CES' withdrawal from the retail furniture trade.

CES is selling its holding in Kingsbury to the Wade Group of Companies for a cash consideration of £1.46m. CES is also to be repaid £1.49m owed to it by Kingsbury on completion.

The book value of Kingsbury's net tangible assets at January 26 1985 was £553,000, prior to the payment to CES of a £300,000 dividend in the current year. Kingsbury's pre-tax profit for the year to January 1985 was £24,000.

## Anglo United placing gives a £28m value

BY LUCY KELLAWAY

A prospectus is published today for a placing of shares in Anglo United, an open-cast mining company which is getting a full listing on the stock market.

Anglo's shares, which are quoted on the Toronto stock exchange, had previously been dealt in London under Rule 535.

The placing by Robert Fleming & Co is of 7.5m shares at 34p each. The shares were suspended last week at 33p. The issue will raise £2.1m after expenses, and capitalises the company at £28m.

The proceeds will be used to repay short-term borrowings, and will reduce gearing to 74 per cent, the lowest in the company's history.

Anglo United was a shell company into which the present directors, Mr David McErlain and Mr Denis Bell, injected their open cast mining interests in 1982. Anglo is now the second largest open-cast mining company in the UK not including coal contractors which work primarily for the NCB.

The company has six operating mines in the UK and is seeking planning permission for 10 of the 28 sites on which it owns the mineral rights. Anglo also operates an anthracite mine in Pennsylvania in the U.S.

Anglo also owns gold exploration interests in Ireland, and despite some small gold discoveries, it has ceased exploration and is currently looking for a purchaser.

In the six months to April, the company made profits of £326,000 on turnover of £9.2m, and it forecasts profits for full year of not less than £3m. Last year it suffered a loss of £306,000, which reflected the effects of the miners strike in the UK, and squeezed margins in the U.S. resulting from the strength of the U.S. dollar.

At the placing price the shares are on a prospective p/e multiple of 13.7 times, and the yield is 4.4 per cent.

Dealings begin on August 12.

## LEP has 42% stake in NGC

LEP Group, the international freight forwarder, now owns 42 per cent of the common stock of National Guardian Corporation, a central station alarm business, following its flotation on the U.S. over-the-counter market.

LEP said yesterday the cumulative cost of this investment was $24.39 (£18.2m) (an average price of $7.50 per share) compared with a value, based on the public offering price of $12 per share, of $39.3m.

### COMPANY NEWS IN BRIEF

HILLSDOWN HOLDINGS, the foods group, has acquired a "substantial" but undisclosed shareholding in privately-owned Robert Wilson and Son (1849), the Scottish meat canners and frozen ready-meal manufacturers. Wilson, with a turnover of £14m, is a supplier of J. Sainsbury and Marks and Spencer.

GREAT UNIVERSAL Stores is paying $3.2m (£2.34m) in cash and shares for an initial 80 per cent stake in Management Decision Systems Inc, which provides consultancy and credit scoring services to the North American consumer credit industry. The balance of the share capital will be acquired by 1993 for a consideration dependent on MDS'e post tax profit performance.

LONGMAN, publishing subsidiary of the Pearson group, which publishes the Financial Times, has agreed in principle for Harper and Row to acquire the Plymouth offices and warehouse of MacDonald and Evans, recently acquired by Longman, for £700,000.

### BOARD MEETINGS

TODAY

Interims: Ayrshire Metal Products, Griqualand Exploration and Finance, Guest Keen and Nettlefolds, Securicor, Security Services.

Finals: Sidney C. Banks, Benson Crisps, Porter Chadburn, Property Security Investment Trust, TR City of London Trust.

FUTURE DATES

| | |
|---|---|
| Interims— | |
| Bairstow Eves | Aug 15 |
| Brains (T. F. and J. H.) | Aug 22 |
| V G Instruments | Sept 11 |
| Finals— | |
| Associated Dairies | Aug 29 |
| Ferry Pickering | Oct 7 |
| Gellar (A. and J.) | Aug 20 |
| Impala Platinum | Aug 15 |
| Imry Property | Aug 14 |
| Jackson (William) | Aug 8 |
| Mt. Holdings | Aug 14 |
| MS International | Aug 8 |


**STEAD & SIMPSON plc**

FOOTWEAR RETAILERS AND MOTOR DEALERS

**Another Record Year**

*Salient points from the statement by the Chairman, Mr. W.R.F. Chamberlain for the year to 31st March, 1985.*

| £000's | 1984/85 | 1983/84 |
|---|---|---|
| TURNOVER | | |
| Footwear retailing | 37,256 | 33,254 |
| Motor trading | 20,913 | 19,855 |
| Party plan | 676 | 406 |
| | 58,845 | 53,515 |
| PROFIT BEFORE TAX | | |
| Footwear retailing | 4,649 | 3,677 |
| Motor trading | 681 | 500 |
| Party plan (loss) | (104) | (134) |
| | 5,226 | 4,043 |
| PROFIT AFTER TAX | 2,888 | 2,217 |
| Extraordinary items – Including Property Profits | 1,252 | 1,012 |
| Ordinary and 'A' Ordinary Dividends | 6.60p | 5.50p |
| Earnings per share – before tax | 18.15p | 14.04p |

* Record profits for the year with turnover, profit and dividends all increased.

* Earnings per share have increased by 29%.

* Footwear turnover increased by 12%. Fourteen new branches were opened. In three towns branches were re-located to better positions and two other branches were considerably extended. Seven branches were closed. We have plans to open 9 new branches and re-locate 6 in 1985/86.

* Motor dealerships are showing satisfactory results despite fierce competition.

* Footwear turnover for the first 11 weeks of the current year has shown an increase of 7% whereas motor dealerships have shown an increase of 3% over the same period.



This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

**JOHN BROWN PLC**

*(Registered in England—No. 1125)*

**Allotment of 139,667,680 'A' Ordinary Shares of 25p each at par (50,367,680 to existing ordinary shareholders by way of rights, 80,800,000 to Trafalgar House Public Limited Company and 8,500,000 to the bankers to John Brown PLC)**

**Share Capital**

| Authorised | | Allotted and to be allotted fully paid |
|---|---|---|
| £32,738,992 | in Ordinary Shares of 25p each | £32,738,992 |
| £56,186,008 | in 'A' Ordinary Shares of 25p each | £34,916,920 |
| £24,889,000 | in 3.5% Cumulative Redeemable Preference Shares of £1 each | £24,889,000 |
| £10,186,000 | in 3.5% Convertible Cumulative Redeemable Preference Shares of £1 each | £10,186,000 |

The Council of The Stock Exchange has admitted to the Official List all of the 'A' Ordinary Shares of 25p each in John Brown PLC.

Listing Particulars relating to John Brown PLC and the 'A' Ordinary Shares of 25p each are available in the Extel Statistical Service and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays and bank holidays excepted) up to and including 13 September, 1985 from the registered office of John Brown PLC, John Brown House, 20 Eastbourne Terrace, London W2 6LE and from the offices of Lazard Brothers & Co., Limited, 21 Moorfields, London EC2P 2HT. Copies may also be obtained until the close of business on 9 August, 1985 from the Company Announcements Office, The Stock Exchange, PO Box 119, Throgmorton Street, London EC2P 2BT.

Lazard Brothers & Co., Limited,
21 Moorfields,
London, EC2P 2HT

Rowe & Pitman,
1 Finsbury Avenue,
London, EC2M 2PA

7 August, 1985



**Warnford Investments PLC**

*Highlights from the Review by the Chairman, Mr. G. Ross Goobey for the year ended 25th December 1984.*

PROFITS
Turnover of the Group increased by 10.6% to £5,505,080 and net revenue before tax amounted to £4,206,605.

DIVIDEND
Dividends increased to 14.5p per share (1983—13.5p).

PROSPECTS
Renovation to a very high standard is complete at 35/38 Portman Square. Elsewhere new lettings and rent reviews, with very little vacant space should result in steady increase in revenue in 1985 and foreseeable future.

Salisbury House, London EC2



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**David Dixon Group plc**

| | 1985 £000's | 1984 £000's |
|---|---|---|
| Turnover | 15,886 | 14,302 |
| Group Profit | 702 | 181 |
| Net Profit after tax | 628 | 239 |
| Earnings per share | 33.9p | 12.9p |
| Total Ordinary Dividend | 6.0p | 4.5p |

★ Profits almost quadrupled
★ Dividend up by 33⅓%
★ Record order book



**Martin Ford PLC**

*Famous for Separates*

**Interim unaudited results for 26 weeks ended 1st June, 1985.**

| | Half-year 1985 £ | Half-year 1984 £ | Year 1984 £ |
|---|---|---|---|
| Turnover (including VAT) | 3,638,569 | 3,464,028 | 7,283,563 |
| Operating (Loss)/Profit | (124,889) | (214,240) | (63,943) |
| Investment Income | 7,516 | 14,667 | 15,158 |
| Loss on Ordinary Activities before Taxation | (117,373) | (199,573) | (48,785) |
| Taxation Credit | 34,209 | 88,316 | 24,389 |
| Loss on Ordinary Activities after Taxation | (83,164) | (111,257) | (24,396) |
| Extraordinary Credit | — | 30,726 | 41,894 |
| (Loss)/Profit transferred to Reserves | (83,164) | (80,531) | 17,498 |
| Dividends | — | — | 7,812 |
| Loss per Ordinary Share | (0.53p) | (0.71p) | (0.16p) |

Although the trading loss for the first half is less than that suffered in the comparable period of the previous year, the results are of course regarded as disappointing. Unfortunately, bad weather in the period had an adverse effect on trading and it is to be hoped that a return to normal seasonal conditions will bring an improvement in turnover and profitability. In view of these results, the directors regret that they are unable to declare an interim dividend. The possibility of paying a final dividend will be reviewed when the full year's figures are available.



**Granville & Co. Limited**

Member of The National Association of Security Dealers and Investment Managers
8 Lovat Lane London EC3R 8DT Telephone 01-621 1212

**Over-the-Counter Market**

| High | Low | Company | Price | Change | Gross div.(p) | Yield % | P/E Actual | P/E Fully taxed |
|---|---|---|---|---|---|---|---|---|
| 148 | 123 | Ass. Brit. Ind. Ord. | 136 | — | 8.6 | 4.6 | 7.5 | 8.5 |
| 151 | 135 | Ass. Brit. Ind. CULS | 138 | — | 10.0 | 7.2 | — | — |
| 77 | 44 | Airsprung Group | 44 | — | 6.4 | 14.5 | 7.3 | 8.8 |
| 42 | 26 | Armitage and Rhodes | 36 | — | 2.8 | 8.1 | 4.5 | 7.5 |
| 159 | 108 | Bardon Hill | 157 | — | 4.0 | 2.5 | 19.9 | 20.7 |
| 64 | 42 | Bray Technologies | 62 | — | 3.9 | 6.3 | 7.5 | 8.7 |
| 201 | 159 | CCL Ordinary | 159 | — | 12.0 | 7.5 | 3.9 | 3.7 |
| 152 | 105 | CCL 11pc Conv. Pref. | 105 | — | 15.7 | 14.5 | — | — |
| 130 | 10 | Carborundum Ord. | 126 | −2 | 4.8 | 3.9 | 8.2 | 9.3 |
| 90 | 83 | Carborundum 7.5pc Pf. | 90 | — | 10.7 | 11.6 | — | — |
| 73 | 46 | Deborah Services | 49 | — | 6.5 | 13.3 | 4.7 | 7.5 |
| 485 | 182 | Frank Horsell | 485 | — | 1.4 | 0.3 | 12.8 | 18.0 |
| 395 | 170 | Frank Horsell Pr.Ord.87 | 370 | — | 11.8 | 3.2 | 8.5 | 12.2 |
| 32 | 25 | Frederick Parker | 25 | — | — | — | — | — |
| 70 | 33 | George Blair | 70 | +1 | — | — | 4.7 | 5.4 |
| 50 | 20 | Ind. Precision Castings | 21 | — | 2.7 | 12.6 | 5.8 | 6.2 |
| 218 | 177 | Isis Group | 180 | — | 15.0 | 8.3 | 13.6 | 20.7 |
| 124 | 101 | Jackson Group | 105 | — | 5.5 | 5.2 | 7.0 | 7.0 |
| 265 | 213 | James Burrough | 237 | — | 18.0 | 8.3 | 7.5 | 7.5 |
| 94 | 83 | James Burrough 9pcPf. | 94 | — | 12.5 | 13.7 | — | — |
| 95 | 71 | John Howard and Co. | 87 | — | 5.0 | 5.7 | 8.9 | 10.8 |
| 225 | 100 | Linguaphone Ord. | 205 | — | — | — | 7.5 | 7.8 |
| 100 | 92 | Linguaphone 10.5pc Pf. | 94 | — | 15.0 | 18.0 | — | — |
| 650 | 300 | Minihouse Holding NV | 570 | — | 6.9 | 1.2 | 24.6 | 23.7 |
| 120 | 31 | Robert Jenkins | 67 | +1 | — | — | 8.7 | 18.1 |
| 60 | 28 | Scruttons "A" | 30 | — | — | — | — | 7.7 |
| 92 | 81 | Torday and Carlisle | 75 | — | 5.0 | 8.7 | 3.8 | 5.8 |
| 444 | 325 | Trevian Holdings | 325 | — | 4.3 | 1.3 | 10.5 | 18.2 |
| 33 | 17 | Unilock Holdings | 32 | −1 | 2.1 | 8.8 | 8.7 | 8.5 |
| 109 | 81 | Walter Alexander | 109 | — | 7.5 | 5.8 | 8.2 | 11.7 |
| 247 | 214 | W. S. Yeates | 212 | −2 | 17.4 | 8.2 | 8.0 | 10.4 |

Prices and details of services now available on Prestel, page 48146

# Salih back with £8m placing for Aberdeen Steak

BY LUCY KELLAWAY

Aberdeen Steak Houses, a chain of 28 restaurants based in London's West End, is coming to the USM with a value of £8m.

The chairman and managing director, Mr Al Salih, previously owned the London Eating Houses group which went into liquidation in 1975 with debts of £750,000. Mr Salih blames the failure on a strike, the London bombings and the three-day week, although the Official Receiver judged the company to have been under-capitalised and operating under weak financial controls.

London Eating Houses was prosecuted three times for failing to meet food hygiene regulations, and has also had problems with a largely Turkish workforce, some of whom did not have work permits.

The flotation of Aberdeen ran into further difficulty last Wednesday when the company secretary, Mr Aziz Suleman, resigned following the appointment of a finance director, Mr William Spouse. Mr Suleman made a series of allegations relating to the way that the company's accounts had been together which have been strongly denied by the auditors, Coopers and Lybrand.

The new issue, which was planned to take place over two years ago but aborted as the company was not thought to be ready, is now going ahead with a placing by Fiske and Co of 3m shares at 67p.

Three-quarters of the shares being placed will raise £1.3m for the company after expenses. The remainder is being sold by Mr Salih, who will own 75 per cent of the company after the flotation. The proceeds will be used to expand the company and to repay borrowings of about £800,000.

Aberdeen Steak Houses was started in 1975 when Mr Salih bought five restaurants from the receiver of London Eating Houses. Since then, expansion has been rapid. In each of the last five years turnover and profits have risen, and in 1984 the company made £884,000 on a turnover of £7.2m.

**● comment**

The spectre of Mr Ali Salih in his previous incarnation may make it tough for Fiske and Co to get this issue away to a healthy premium. This is a pity, as Aberdeen is coming to market with a more than respectable trading record. And, as the prospectus is at pains to point out, the parallels between the two businesses are few. Following the issue, the company will have no borrowings and a pillow of cash to continue its successful formula for running steak houses which dish up dinner for two at about £20. The company is run under the autocratic lead of Mr Salih who checks each of his restaurants daily to make sure that standards are being maintained. He has no plans to extend his net beyond the West End, but there seems to be plenty of room there for further expansion. At worst, the company should make £1m this year which would bring the prospective multiple down to 13, which seems about right.

# Ransomes in £4.25m deal for Mountfield

Ransomes, Sims & Jefferies, the Ipswich-based manufacturer of grass cutting and farm machinery, has bought for £4.25m the UK and European estate and garden machinery manufacturing businesses of G. D. Mountfield.

Ransomes at present makes grass-cutting machinery mainly for the professional user, while Mountfield manufactures quality domestic mowers. Ransomes says the purchase will increase its product range and broaden its activities into other sections of the market.

Mountfield's remaining businesses, principally Power Gardening (Slough) and Robert H. Andrews, which distribute and retail grass machinery, will be retained by the vendors.

The purchase price — being satisfied by cash and £300,000 of redeemable loan notes—is subject to the business making pre-tax profits of £500,000 in the year to August 31, adjusting for certain costs. In the year to August 1984, the businesses being acquired had a turnover of £13.8m and attributable pre-tax losses of £135,000.

However, there would have been an attributable profit of £214,000 if the figures were adjusted for the same costs being taken into account in drawing up the 1985 figure of £500,000.

Net book value of the assets being acquired is £4.56m as of August last year.

# Fourfold profit surge by D. Dixon

THE PROFIT surge shown by David Dixon Group in the first half continued for the rest of the year. On turnover increased by 11 per cent pre-tax profit improved by almost four times from £181,000 to £702,000.

In the year to March 30, 1985 the Leeds-based clothing manufacturer saw turnover improve from £14.3m to £15.89m. A final dividend of 3.5p is proposed, compared with 2.28p for 1983-84, making a total of 6p (4.5p).

The main improvement was achieved by the Tudsbury offshoot which made record profits.

Mr Harry Turpin, the chairman, said in his annual report that the foundations laid in 1983-1984 proved a sound basis for trading during the year. Every division showed higher margins, with a significant advance in the underwear/leisurewear division.

He added that the base of turnover was widened and the launch of the Pierre Cardin range of hosiery was successful.

Although the year under review was good Mr Turpin said that there were signs that the present year would be even better.

Profits at E. W. Thomson & Sons fell, mainly due to an exceptional charge for consultancy work. Sales at the beginning of the year were poor because of dumping by a competitor but they were beginning to improve and profits this year should be better.

Deacon and Smith had a poor year because of the miners' strike. There was a good improvement so far this year with fashion and the Bear Brand ranges doing well and a healthy order book.

S. Mayers recovered in the second half after a major re-organisation. Profits improved even after allowing bad debts of £28,000 and exceptional expenses of £28,000. The present year was showing better figures and higher profits were expected.

Despite the violent fluctuation in sterling, Dadon International had a successful year. The childrenswear range was extended and licence agreements were obtained for two major groups of cartoon characters, Popeye and family and Warner Brothers' Looney Tunes.

Group operating profit was doubled at £1.04m (£501,000) and the pre-tax figure was struck after net interest payable of £336,000 (£320,000). The tax charge was £74,000, against a credit last time of £58,000, and minorities took £8,000 (£1,000), leaving earnings per share at 33.9p, an increase of almost three times on the previous figure of 12.9p.

Preference dividends absorbed an unchanged £4,000 and ordinary dividends took £109,000 (£81,000).

**● comment**

Two years ago Tudsbury, normally David Dixon's biggest earner by far, took the group into heavy losses. New management carried out a rationalisation programme and in the year just ended Tudsbury's recovery has brought the group back to the sort of profit levels it has not seen since 1980. Dixon expects Tudsbury to make further progress this year: its customer base has grown to include most of the big chain stores, and the launch of the Pierre Cardin line, for which there are great hopes, could contribute an initial £50,000 to the profit line. The other divisions have suffered a variety of problems: Dixon hopes to have cured the internal ones by giving them the Tudsbury treatment but the external ones tend to demonstrate the group's vulnerability to a volatile market. The shares were up 11p at 183p yesterday. Some of their value rests on curiosity about the intentions of the mysterious Cyprus-based Mr Alan Scrase and his Liechtenstein-registered trust Establishment Plambuit, still sitting on 29.9 per cent of the voting rights. Nevertheless £1m could be in sight this year, which has the shares looking modestly rated on a prospective p/e ratio of 5 after a notional 35 per cent tax charge.

# Buoyant pensions boost London Life

GOOD NEW business in the first six months of this year is reported by London Life Association, a mutual life company, thanks to its buoyant pensions business.

New annual premiums rose by a quarter from the first half of last year to £8.98m, and single premiums by more than a fifth to £36.3m.

Self-employed pensions showed a tremendous advance in annual premium business from £826,000 to £4.2m. But because of the marketing stance of these pensions single premiums fell back from £6.3m to £4.7m.

The companys other pensions business was also strong with new annual premiums up from £3m to £3.6m and single premiums up by half from £12m to £18.4m. This latter growth came from a massive leap in investment in the company's pension buy-out plan where sales quadrupled to £6.07m.

The company's traditional ordinary life business fell back following the loss last year of Life Assurance Premium Relief with annual premiums cut by two-thirds from £2.9m to £950,000. However, the company had good growth in its unit-linked business with single premium bond sales rising more than 40 per cent to £9.5m.

# Fraser may stop at 26%

House of Fraser, which last week failed to thwart Burton Group's £560m takeover of Debenhams, confirmed yesterday that it had lifted its stake in Debenhams to 26.1 per cent through share buying on Monday.

However, there appeared little evidence of House of Fraser buying again in the market yesterday, leaving a question mark as to whether it intends to carry out past threats and lift its stake in the stores group to 29.9 per cent.

Fraser apparently has yet to decide whether to remain a minority holder of Debenhams shares or to accept Burton's cash or paper offer, but it has hinted that it is likely to accept.

The Burton and Debenhams boards met for the first time yesterday.

# LRC acts on bid rumours

THE BOARD of LRC International, the consumer and rubber products group, yesterday moved to quell mounting speculation about a bid for the company and said that "no approaches have been made.

LRC, which increased turnover to £196m and profits to £18.8m pre-tax in the year to the end of March, 1985, has seen its share price rise significantly in the past two weeks

After starting yesterday at 139p the shares topped 150p at one point but fell back to close at 143p after the statement.

LRC said: "The board has noted the recent increase in the price of LRC ordinary shares. The board is not aware of any reason for the increase in the price other than as a result of recent press speculation and confirms that it has not received any approaches."

# Disappointing response to C H Industrials' rights

CH Industrials, has had a disappointing 10.6 per cent take up on its £5.25m rights issue of convertible preference shares, leaving the rest in the hands of the underwriters led by Kleinwort Benson.

Earlier this year CHI failed in an attempt to take over Banro, a car parts maker. It made the cash call to cover the cost of acquiring its 29 per cent stake in Banro, to pay for the acquisition of Calnay, a polythene sheeting maker, and to cut borrowings.

It offered 5.25m 7 per cent convertible cumulative redeemable preference shares of £1 each at the rate of two for every seven ordinary.

● Hazlewood Foods, the food manufacturer, announced that 99 per cent of its £20.5m rights issue had been taken up. The deeply-discounted one-for-one issue of 9.92 shares, offered at 210p, was aimed at cutting borrowings and providing the means for further expansion. The balance of shares has been sold.

● Juliana's Holdings' £7.3m rights issue last month of 7½ per cent convertible unsecured loan stock received acceptances for more than 60 per cent. The rest has been sold in the market.

CASS GROUP, the USM-quoted telecommunications and leisure company, said yesterday that it was in discussions with several companies which could lead to an offer being made for the group. Yesterday its shares jumped sharply before the announcement and closed 35p higher at 170p.

*This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange*

**ABERDEEN STEAK HOUSES GROUP plc**

*(Incorporated in England under the Companies Acts 1948 to 1967 — No. 1,235,852)*

The Company operates 28 restaurants in Central London of which nine trade under the name "Aberdeen Steak Houses," eleven under the name "Angus Steak Houses," four under the name "Maxines Des Champs Elysees," one under the name "Maxines Seafood Restaurant," one under the name "American Hamburger," one under the name "The Pancake House Restaurant" and one under the name "Trat West Bistro Italiano."

This advertisement is issued in compliance with the requirements of The Stock Exchange and in connection with the placing by Fiske & Co of 3,000,000 Ordinary shares of 5p each of Aberdeen Steak Houses Group Plc at 67p per share.

An application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the issued share capital of Aberdeen Steak Houses Group Plc in the Unlisted Securities Market. A proportion of the shares being placed is available to the public through the market during market hours today. It is emphasised that no application has been made for these securities to be admitted to listing.

Particulars relating to the Company are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during normal working hours on any weekday (Saturdays excepted) up to and including 28th August, 1985, from:

**FISKE & CO.**

Salisbury House, London Wall, London EC2M 5QS

**DBS BANK**

THE DEVELOPMENT BANK OF SINGAPORE LTD

(Incorporated with Limited Liability in the Republic of Singapore)

To: All Bondholders

**US$70,000,000 5½% Convertible Bonds due 1998**

**SUSPENSION OF BOND CONVERSION**

NOTICE IS HEREBY GIVEN that the Bonds will not be convertible during the period 30 August 1985 to 5 September 1985, both dates inclusive, being the period during which the Share Transfer Books and the Register of Members of the Company will be closed for the purpose of determining shareholders' entitlement to the interim dividend declared in respect of the financial year ending 31 December 1985.

BY ORDER OF THE BOARD

SHIRLEY LOO-LIM (MRS)
SECRETARY

6 August 1985
Singapore

A MESSAGE FOR BELL'S SHAREHOLDERS.

# GUINNESS IS GOOD FOR YOU.

**GUINNESS PLC**

DRAUGHT AND BOTTLED GUINNESS. HARP. KALIBER. DRUMMONDS. MARTIN THE NEWSAGENT. LAVELLS. 7-ELEVEN. CLARE'S. CHAMPNEYS AND STOBO CASTLE HEALTH RESORTS. NATURE'S BEST VITAMINS. GUINNESS PUBLISHING.

**Bell's has lost its way. Accept Guinness' offer now.**

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## UK NEWS

STOCK EXCHANGE BUSINESS IN JULY

# Gilt-edged turnover rises 59% to all-time record

BY GRAHAM DELLER

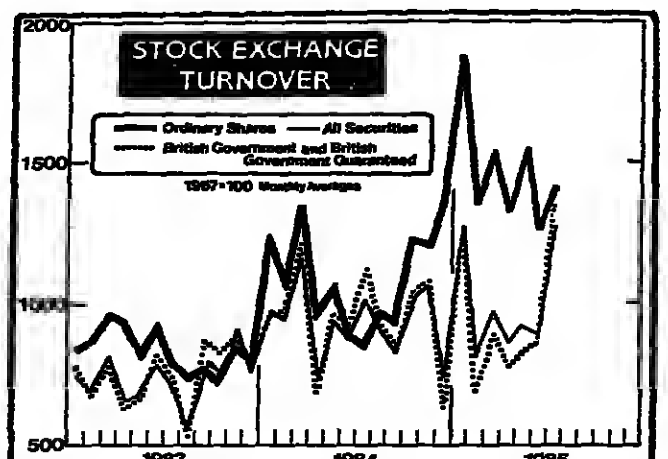
STOCK EXCHANGE business expanded substantially in all sectors during July. Overall turnover rose to an all-time high of £44.74bn, an increase of £12.72bn, or almost 44 per cent, on the previous month. The Financial Times turnover index for all securities was a record 1,279.0 and compares with the June figure of 889.3 and the previous peak of 1,258.9 in January this year. July contained 23 trading days, three more than June.

The upturn in business was mainly attributable to British Government securities. Initial domestic support reflecting sterling's continued buoyancy against other major currencies the pound reached a 12-month high against the dollar early in July—was later reinforced by overseas investors who, encouraged by the then prevailing high level of UK interest rates, directed funds into gilt-edged stocks.

The long-awaited reduction in bank base lending rates—down a full percentage point during the month—failed to harm foreign confidence and the FT Government Securities index attained a high for the year of 83.87 on July 30 before closing the month a net 1.78 points higher at 83.48.

The Chancellor's announcement of a change in the capital gains tax treatment of gilts and qualifying corporate bonds also gave business a boost as operators switched from high-coupon issues into index-linked and low-coupon stocks.

Turnover in British Government securities rose £11.82bn, or 58.8 per cent, to £31.92bn.




Trade in the shorts rose by a massive £6.64bn, or 69.5 per cent, to £16.19bn, while business in longer-dated maturities and irredeemables also showed a sizeable increase, rising £5.18bn, or 49.1 per cent, to £15.73bn. The Financial Times turnover index for Government securities rose to a best-ever 1,351.0 compared with 850.6 in June.

Equities were generally overshadowed by gilts, but turnover in ordinary shares still increased by £0.82bn, or 11.5 per cent, to £7.91bn. The number of bargains transacted in ordinary shares declined by 13,344 to 380,997 but the average value per equity bargain rose by £2,000 to £20,000.

More unsettling news from the beleaguered electrical sector — STC warned of a substantial reduction in first-half profits — sapped investment confidence, as did the threat to export prospects posed by the strong pound. The moves towards cheaper money, however, stimulated a noteworthy recovery and, in spite of disappointing interim figures from ICI, the FT Ordinary Share Index rallied from 911.0 on July 25 to close the month a net 4.5 points higher at 943.1.

The Financial Times turnover index for Ordinary shares rose to 1,410.8 against the previous month's 1,265.2, but was still well below the record 1,884.0 set in January.

South African gold shares displayed heavy falls in July following the escalation of civil unrest and the declaration of a State of Emergency

| Category | Value £m | % of total | No. of bargains | % of total | Average daily value £m | Average bargain value £000s | Average no. of daily bargains |
|---|---|---|---|---|---|---|---|
| BRITISH FUNDS | | | | | | | |
| Short dated (5 years or less to run) | 16,193.4 | 38.8 | 34,404 | 7.1 | 704.1 | 470.7 | 1,496 |
| Others (over 5 years) | 15,727.8 | 37.7 | 38,609 | 7.9 | 683.8 | 407.4 | 1,679 |
| TOTAL | 31,921.2 | 76.5 | 73,013 | 15.0 | 1,387.9 | 437.2 | 3,175 |
| IRISH FUNDS | | | | | | | |
| Short dated (5 years or less to run) | 488.9 | 1.2 | 1,537 | 0.3 | 11.3 | 318.1 | 67 |
| Others (over 5 years) | 722.5 | 1.7 | 2,576 | 0.5 | 31.4 | 280.5 | 111 |
| UK LOCAL AUTHORITY | 149.6 | 0.3 | 2,320 | 0.5 | 6.5 | 64.5 | 101 |
| OVERSEAS GOVERNMENT | 190.6 | 0.5 | 2,027 | 0.4 | 8.3 | 94.0 | 88 |
| OTHER FIXED INTEREST | 358.9 | 0.9 | 23,655 | 4.9 | 15.6 | 15.2 | 1,028 |
| ORDINARY SHARES | 7,906.0 | 18.9 | 380,997 | 78.4 | 343.7 | 20.0 | 16,565 |
| TOTAL | 41,737.7 | 100.0 | 486,125 | 100.0 | 1,814.7* | 85.9* | 21,136 |

* Average of all securities

## RESOURCES REVIEW

# Thailand becomes less vulnerable

By Chris Sherwell and Boonsong K'Thana in Bangkok

THAILAND, HAVING grown increasingly dependent on imported energy after the price shocks of the 1970s, is slowly but surely reducing its vulnerability, thanks to major contributions from previously-untapped domestic resources.

The most important new factor has been offshore natural gas, production of which began in 1981. Of more recent interest, however, is onshore oil, output of which has climbed from a few hundred barrels a day before 1983 to more than 23,000 b/d currently.

The need for such resources became critical by 1980, when energy imports amounted to 31 per cent of Thailand's total imports and had to be financed from 45 per cent of export earnings. Indigenous energy, including hydropower and coal, met only 11 per cent of Thailand's total commercial primary demand.

Now, according to World Bank figures, domestic production is expected to meet 50 per cent of domestic consumption by 1990 and 60 per cent by 1995. Of the forecast domestic production for 1990, more than 70 per cent will come from local natural gas and 15 per cent from oil, with the remainder contributed by hydropower and lignite.

Though these figures are less optimistic than two years ago, oil imports are still expected to decline during the 1980s and only regain 1982 levels by 1990. Later in the 1990s, old problems of external energy dependence are expected to resurface, since Thailand's petroleum resources are reckoned to be strictly limited.

The country's progress on the oil front has received less publicity than in the case of natural gas, where arguments have raged between government and contractors, notably Union Oil and Texas Pacific, over reserves, production and pricing. But the oil finds, though limited, have proved a boon to the areas of northern Thailand where they are located and a blessing for a government with a close eye on the balance of payments.

The most successful contractor so far is Shell, through Thai Shell Exploration and Development. Other companies involved in the search onshore include BP and a joint venture between Britoil and Amerada Hess of the U.S. Promet of Malaysia is teamed up with another British company, Southwest Consolidated Resources.

Against this, Exxon of the U.S. has suspended operations on shore, having spent US$200m drilling eight wells in the north-east. It found only gas, and has yet to reach any pricing accord with the Thais. Oil is also being sought offshore, but these searches remain unsuccessful so far.

Exploration is concentrated on the large Phitsanulok basin which runs from the far north of the country, where the Thai military has been exploring for decades and now produces about 1,000 b/d, out to the marine expanse of the Gulf of Thailand, where the most successful gas finds have occurred.

Shell's oil activities are confined to Kamphaeng Phet province. Its biggest field, known as Sirikit after Thailand's queen, was discovered in 1981 and started production in 1983. A nearby field, Sirikit West, is producing small quantities at one well, and the next target is the Pru Krathiam field further east.

Shell's output is 22,000-23,000 b/d, and is not likely to increase. The basin is young and fragmented, and the reservoirs show no continuity. As a result, finds are depleted rapidly and need to be supplemented to maintain output.

On top of this, the oil has 18 per cent wax content which starts solidifying at temperatures below 35 deg C. This must be countered through the addition of chemicals and by heating up processing facilities, especially at night.

It is thus clear that exploration and production in Thailand are expensive, although Shell is unwilling to put a figure on its production costs per barrel, pointing out that it is still in the process of developing its field.

It is also apparent that there are likely to be more losers than winners in Thailand. Sirikit may have become a major public attraction, but Thailand is plainly no Brunei when it comes to oil. The early euphoria generated by Shell's quick discoveries has largely dissipated.

The discoveries nevertheless stand in sharp contrast to the situation only three years ago,

**There are likely to be more losers than winners**

and look sufficiently promising to attract other, smaller exploration companies, despite a toughening in the conditions offered by the Thai Government.

Contractors deal with two key agencies, the Petroleum Authority of Thailand (PTT), which is responsible for developing the country's petroleum industry, and the Department of Natural Resources, the arm of government with responsibility for regulating the oil and gas industry.

Before 1982, the Government had no real production-sharing arrangement and its policy was to price oil and gas by negotiation. This was a recipe for project delays, as Shell and Exxon discovered.

Even now, Exxon's problems concern the separate matter of gas pricing. Shell took three years to conclude an agreement with PTT on the pricing of crude, finally using a formula based on the average price of crude from Indonesia, Malaysia, Brunei and Saudi Arabia.

The Shell deal also allows PTT to take a 25-50 per cent stake in the Sirikit development project, depending on production levels. This is the first joint venture arrangement of its type, and the World Bank is likely to pitch in $33m towards the overall $600m cost of the development.

The Government's post-1982 arrangement creates a general formula for production sharing on top of the conventional requirement that concessionaires pay a royalty of 12.5 per cent of the selling price and an income-tax of 50 per cent of earnings.

Under this production sharing, Thailand takes 27.5 per cent of output between 10,000 and 12,000 b/d, 37.5 per cent of output between 20,000 and 30,000 b/d, and 43.5 per cent of production greater than 30,000 b/d.

The new formula also gives the Thai Government the first right to buy crude, whether produced onshore or from the Gulf of Thailand, at a price reflecting those posted in Singapore for refined products. Oil from the Andaman Sea, where only Placid Oil of the U.S. currently has a concession, would be priced differently, on the basis of the highest bids submitted by independent buyers.

Despite the tougher arrangements, some two dozen international companies decided to bid for acreages in the three rounds of tenders called by the Government in 1982, 1984 and earlier this year. Britoil has started surveys and is committed to drill five exploratory wells. BP is to shoot 1,500 line km of seismic surveys and drill five wells. North Central Oil of the U.S. has already drilled four exploratory wells.

Shell, for its part, will do 2,000 line km of seismic surveys, having already done 15,800 km. It is planning to drill six exploratory wells and ten development wells, and is looking at secondary recovery techniques through water injection. Altogether, it is spending $130m on exploration and production in 1985.

Thailand could, nevertheless, do with more major oil companies exploring for its oil. So far only BP has followed Shell into Thailand, and the question remains whether the Government has been too tough to secure the sustained effort which smaller companies cannot provide because of insufficient capital.

That said, PTT estimates that some 27,500 b/d of indigenous oil and condensate is now going to the country's three local refineries. Total demand is of the order of 220,000-250,000 b/d, so imports of crude continue to come, chiefly from Saudi Arabia, Indonesia, Malaysia and Oman on a government-to-government basis. PTT also imports the equivalent of almost 33,000 b/d in petroleum products, especially diesel oil.

Fuel oil needs are meanwhile declining for the important reason that, with increasing production of natural gas, it is needed less for power generation. Estimates vary, but natural gas is likely to provide 14-16 per cent of total energy supplies this year, sharply up from the 11 per cent level of 1984.

The problem the Government must now tackle to improve its energy picture further is that of relative pricing of products. One of the reasons for Thailand's over-dependence on imported energy by 1980 was a failure to allow domestic oil product prices to rise, mainly for political reasons. This sensitive matter is now under discussion.

THAILAND'S ENERGY BALANCE 1982-98

(figures in thousands TOE)

| | 1982 (Actual) | % | 1985 | % | 1990 | % | 1995 | % | 1998 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Consumption: | 13,143 | 100 | 15,993 | 100 | 20,817 | 100 | 28,933 | 100 | 31,173 | 100 |
| Oil | 10,303 | 78 | 10,313 | 64 | 11,927 | 57 | 13,233 | 46 | 15,374 | 49 |
| Hydroelectricity | 1,046 | 8 | 1,317 | 8 | 1,487 | 7 | 2,149 | 7 | 2,250 | 7 |
| Lignite | 519 | 4 | 878 | 6 | 2,294 | 11 | 3,211 | 11 | 3,211 | 10 |
| Natural gas | 1,172 | 9 | 3,382 | 21 | 5,006 | 24 | 10,237 | 35 | 10,237 | 33 |
| Coal | 103 | 1 | 103 | 1 | 103 | 1 | 103 | 1 | 103 | 1 |
| Domestic production: | 2,693 | 20 | 6,500 | 41 | 10,264 | 49 | 17,559 | 60 | 16,971 | 54 |
| Oil | 20 | — | 987 | 6 | 1,541 | 7 | 2,027 | 7 | 1,337 | 4 |
| Hydroelectricity | 982 | 8 | 1,253 | 8 | 1,423 | 7 | 2,084 | 7 | 2,186 | 7 |
| Lignite | 519 | 3 | 878 | 5 | 2,294 | 11 | 3,211 | 11 | 3,211 | 10 |
| Natural gas | 1,172 | 9 | 3,382 | 21 | 5,006 | 35 | 10,237 | 35 | 10,237 | 33 |
| Net imports: | 10,450 | 80 | 9,493 | 59 | 10,553 | 51 | 11,373 | 40 | 14,204 | 46 |
| Oil | 10,283 | 78 | 9,326 | 58 | 10,386 | 50 | 11,206 | 39 | 14,037 | 45 |
| Hydroelectricity | 64 | 1 | 64 | 0.4 | 64 | 0.4 | 64 | 0.2 | 64 | 0.2 |
| Coal | 103 | 1 | 103 | 0.6 | 103 | 0.6 | 103 | 0.4 | 103 | 0.4 |
| Imports as % of consumption | 79.7 | | 59.4 | | 50.7 | | 39.3 | | 45.6 | |

Source: World Bank estimates.


## Residential Property

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RESIDENCE DE FRANCE

## Company Notices

COMPAGNIE FINANCIERE MICHELIN OVERSEAS N.V.
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BANQUE INTERNATIONALE A LUXEMBOURG
Luxembourg, August 2, 1985.

GENEVA
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BUSINESS ADVISORY SERVICE S.A.
7 Rue Muzy, 1207 Geneva

ORIFLAME INTERNATIONAL SA
Société Anonyme
Registered Office: 3 avenue Pasteur, 2311, Luxembourg
R.C. Luxembourg B8835
Notice of Extraordinary General Meeting
An Extraordinary General Meeting of Oriflame International SA will be held at 3 avenue Pasteur, 2311 Luxembourg on 28 August 1985 at 11.00 am to transact the following business:
1. Approval of the acquisition by Oriflame Scandinavia AB of all the issued share capital of Guldfynd AB in accordance with the terms of the circular to the shareholders of the Company dated 6 August 1985 ("the Circular").
2. Approval of the issue by the Company of Zero Coupon Partly Convertible Notes ("the Notes") substantially in the form presented to the meeting and authorisation of the Directors to determine the initial Conversion Price to be stated in the Notes provided that such Conversion Price is not less than 620 pence per share and to exclude all pre-emption rights of the existing shareholders in respect of such issue.
3. Amendment to the provisions of the Company's Share Option Plan of 1982 ("the Plan") insofar as it applies to Executive Directors or key executive employees of the Company or any of its Affiliates
4. Approval of an amendment to Article 5 of the Company's Articles of Incorporation
The form of the Notes and details of the amendments to the Plan and to the Company's Articles of Incorporation will be available for inspection at the registered office during normal business hours on any weekday (Saturdays and Public Holidays excepted) from 12 August 1985 until the conclusion of the Extraordinary General Meeting.
The Board of Directors
Luxembourg, 6 August 1985

UNITED PLANTATIONS BERHAD
NOTICE OF DIVIDEND

Art Galleries

Clubs



FINANCIAL TIMES
PUBLISHED IN LONDON • FRANKFURT • NEW YORK
INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

# FT COMMERCIAL LAW REPORT

## Extension of writ in exceptional case

THE MYRTO (No 3)
Queen's Bench Division
(Admiralty Court):
Mr Justice Sheen
July 30 1985

**WHERE A plaintiff issues a writ naming a large number of guarantors as defendants and proceeds successfully against one as a test case while hoping the others will pay voluntarily, the court may extend the period for service of the writ against those defendants who, with no defence, subsequently fail to pay under their guarantees, in that such circumstances are wholly exceptional and on balance, it would be most unjust to deprive the plaintiff of his right te recover.**

Mr Justice Sheen so held when dismissing an appeal by the 103rd, 108th, 113th and 131st defendants to an action by the mortgagee of the Myrto, from a decision of the Admiralty Registrar dismissing their applications to set aside orders extending the validity of the writ.

Order 6 rule 8 of the Rules of the Supreme Court (RSC) provides: "(1) For the purpose of service, a writ . . . is valid . . . for 12 months . . . (2) Where e writ has not been served . . . the court may . . . extend the validity of the writ from time to time for such period, not exceeding 12 months et any one time. . . ."

* * *

HIS LORDSHIP said that the writ in the action named 164 defendants, of whom the first 140 were owners of cargo laden aboard the Myrto. The remainder were banks and companies which gueranteed payment of the costs of discharging the cargo. The plaintiff was the ship's mortgagee.

The action was wholly exceptional in character.

In November and December 1976 Myrto loaded cargo at Antwerp and North Shields. On December 21 she was arrested at Sunderland. Shortly thereafter, Mr Justice Brandon made an order that she be appraised and sold *pendente lite*. It became necessary for the cargo to be discharged in order to achieve the best price for sale of the ship.

In May 1977 the judge ordered that the Admiralty Marshal should arrange for discharge of the cargo. The cost exceeded £160,000. Additional expenses were £67,049. The Admiralty Marshal had to be put in funds and wished to know to whom he could look for reimbursement.

When Myrto was sold the total proceeds of sale were £137,202. There was a claim by the crew for wages and viaticum amounting to £86,735. As that took priority over the claim of mortgagee, it had not recovered a single pound of the money lent to the shipowners.

That financial result was not anticipated when the matter came before Mr Justice Brandon on May 17. He ordered that all expenses incurred by the Admiralty Marshal acting under the court order should form part of his expenses in executing the commission for appraisement and sale.

The mortgagee wished to contend that the cost of discharging the cargo would be borne by individual owners of the cargo. It appealed successfully against the judge's order, but the Court of Appeal was unable to hear full argument and to decide who should pay the cost of discharging the cargo. It made a holding order.

Lord Justice Roskill said that the finance in the first instance should come from the mortgagee, but that the cost should not necessarily fall npon it for all time. He said that when the cargo came out of the ship those involved on the cargo side should be entitled to take their cargo away. Either they could pay the mortgagee then, or they must give appropriate security, in the form of an undertaking that someone in the UK would be responsible for the amount due from the cargo interest to the mortgagee.

An undertaking was prepared. The Admiralty Marshal released cargo to various cargo-owners who furnished him with a guarantee.

The mortgagee sought to obtain contributions from cargo-owners by negotiation. It failed and ultimately proceedings became necessary.

An unfortunate result of the wording of the guarantee given by the first 140 defendants required the mortgagee to obtain a judgment against each of them before any obligation fell on the guarantors.

A test action was brought against selected cargo owners. The mortgagee had to issue a writ against all the other cargo owners before expiry of the appropriate limitation period.

It was assumed the period began to run from November 1977. The writ in the present action was issued on November 4 1982. If issue had been deferred until early November 1983 the action would not heve been time-barred.

The writ which was issued in November 1982 was renewed on October 17 1983. If the court had refused to renew it a fresh writ could have been issued.

On February 13 1984 judgment was given in the test case, holding that liability to pay for the cost of discharging fell on the cargo owners. There was no appeal. The same point had come np for decision in *The Jogoo [1981] 1 Lloyd's Rep 513*.

The mortgagee's strategy was to obtain a judgment in principle, and then to endeavour to persuade as many of the cargo owners as possible to pay voluntarily and thereby avoid the cost of proceedings.

Recovery was made from 114 defendants without great expense.

Unless one of the four defendants now before the court was successful on appeal against the present decision, there was no defence to the action. They did not have an accrued defence of time bar.

In *Battersby [1945] KB 23* Lord Goddard said that even when application for renewal was made within 12 months of date of issue, the jurisdiction to extend the validity of the writ ought to be exercised with caution.

It was borne in mind that a plaintiff had a duty to serve a writ promptly, and that the court should not grant an extension as of course.

In *Heaven [1965] 2 QB 366* Mr Justice Megaw said: "It is unfair to defendants . . . if litigation is delayed so that witnesses die or cannot be traced; or memories fade . . . public policy requires that it is only in really exceptional cases that the effective start of litigation should be yet further delayed; especially where the 12 months allowed for service extends beyond the end of the limitation period; and above all, where the application is not made nntil after the 12 months . . . has expired."

Mr Grace, for the mortgagee pointed out that the applications for renewal were made before validity of the writ had expired. Also, there could be no question of prejudice to the defendants by reason of witnesses dying or disappearing, or memories fading. There was no dispute of fact.

Mr Brindle for the defendants, relied on *Osborne v Distillers [1968] 112 Sol J 50*. There Lord Denning said that the judge below was right to hold that renewal was bad because no good reason had been shown for depriving the defendants of their defence. He said that "when a plaintiff through his solicitor let time run, it was prejudicial to the defendants to have the writ renewed . . . when they had, so to speak, closed their books."

That was one of the cases arising ont of the sale of the Thalidomide drug. The position of the defendants was very different from the present case. There they did not know how many children had been deformed as a result of the drug. Service of the writ was the first intimation they hed of the plaintiff's claim.

Mr Brindle submitted that in general a test case was not a good excuse for extending a writ.

There was a world of difference between a plaintiff who, for his own purposes, delayed service while awaiting the outcome of e test case to save himself expense if the result showed he would fail, and a plaintiff who held his hand for the purpose of saving costs which would fall on defendants who had, at all material times, known of the existence of the liebility.

It was relevant that this was a really exceptional case. RSC Order 6 rule 8 gave the court a discretion. In exercising that discretion, the overriding consideration must be the "balance of justice between the parties" (see *Jones v Jones [1970] 2 QB 587*).

There was no donbt as to where the balance of justice lay.

Each defendant had his cargo delivered to him in 1977. He was not required to pay for the cost of discharging, which was his obligation. Each had known of the possibility of e claim being made since he signed the undertaking to reimburse the mortgagee.

The defendants were further made aware of the possibility that they would be called on to pay those costs when attempts to reach a compromise were made, and their solicitors must have been aware of the decision in *The Jogoo* and the test case.

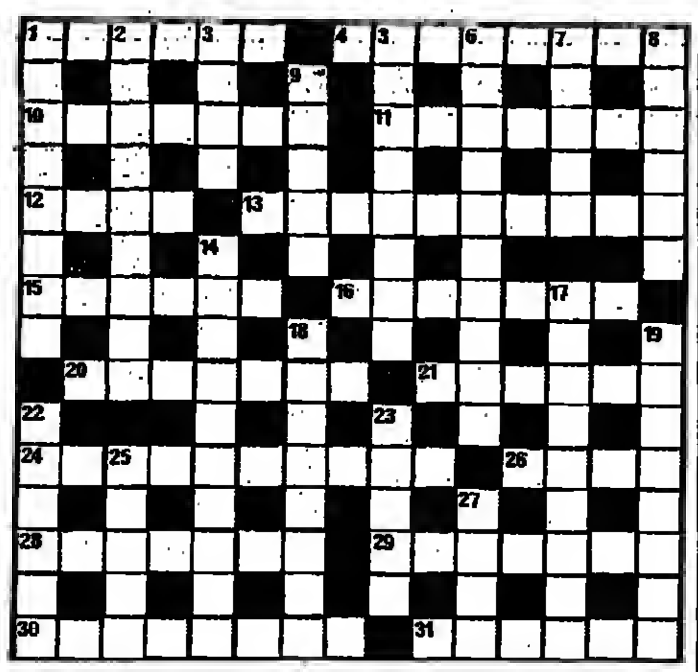
It was desirable that plaintiffs should press on with any claim, and that a writ should be extended only in exceptionel circumstances. However, the circumstances of the present case were wholly exceptional and it would be most unjust to the mortgagee to deprive it of such small recovery as it was entitled to make from the four defendants.

*For the four defendants: Michael Brindle (Elborne Mitchell and Co. Peter Faber and Co, Norton Rose Botterell and Roche).*

*For the mortgagee: David Grace QC (Constant and Constant).*

**By Rachel Davies**
*Barrister*

## F.T. CROSSWORD PUZZLE No. 5,789



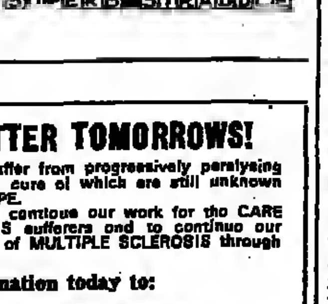
**ACROSS**

1 Take care of the Queen being susceptible to pain (6)
4 Is cod pie scrambled or cut into sections (8)
10 Filling cooked chips with jam and Jerusalem is found in Suffolk (7)
11 Cause suffering tumbling over at cliff (7)
12 King, Queen and northern peasant (4)
13 Pulls out and passes on ebout three points to a joke (10)
15 Making notes before play (6)
16 Dog swallows e rat and nothing to do with a keeper (7)
20 Stranger has a try as a tip collector (3, 4)
21 The coming of five in a hollow (6)
24 Tory manifesto? (5, 5)
26 He's e big brute therefore switch direction (4)
28 Cut off small measure (7)
29 Worries about travel taken in ships or planes (7)
30 Superintendent above prophet (8)
31 Written in captivity (6)

**DOWN**

1 Unusual knitters' accessories (8)
2 Brass band without qualifications (2, 7)
3 It was way out (4)
5 High rise flats (8)
6 Precautionary measures from a box of metal soldiers (10)
7 A pointer contained in present action (5)
8 Cleverest set in unions back up (6)
9 A rich mixture for the bottom shelf (5)
14 Sets up societies (10)
17 Over over wrong wrong needing weeding (9)
18 Game to caress me in French church (8)
19 Accentuated the turnover of apple turnovers (8)
22 Sort of forces decoration (6)
23 Fish rod (5)
25 Nothing goes wrong for down market supplier (5)
27 It's genuine to start to regret (4)

**Solution to Puzzle No. 5,788**



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## APPOINTMENTS

## Razmilovic joins ICL

ICL has appointed Mr Tomo Razmilovic as president, ICL international operations. He joins ICL from Encore Computers Inc of the U.S. where he was president, international operations. He was previously the marketing vice-president for the CAD/CAM business group of Prime Computer Corporation based in the U.S. Mr Razmilovic will be on the boards of STC International Computers and the main operating company, International Computers.

Mr Tomo Razmilovic, President-ICL international operations

*

Mr Bernard Newton has been appointed to the board of BRITANNIA AIRWAYS as engineering director. At the beginning of 1983, he returned to Luton as deputy maintenance manager and was appointed chief engineer in October 1984.

*

Mr William Porter has been appointed deputy chairman of PRINTERS & BOOKSELLERS), Kluwer NV's holding company in the UK. He is succeeded as Publishing by Mr Colin Ancliffe.

*

Mr Ivan Powell has been appointed regional general manager, UK, in NATIONAL WESTMINSTER BANK'S international banking division. He succeeds Mr Brian England, who becomes assistant general manager of National Westminster Bank's international banking division. Mr Powell was manager of the bank's Cornhill & Prescott's office, London.

Mr Peter Hurst has been appointed senior international executive of National Westminster Bank's Africa, Middle East and India region, based in London. Mr Hurst was senior manager, export finance section, international banking division.

*

ASHBY & HORNER has appointed Mr Jim Thornton as managing director of Ashby & Horner Team Contracts, its development and design build subsidiary. For the past two years Mr Thornton has been a director of Ashby & Horner, covering prodnction and marketing.

*

Mr Raymond Cazalet, a director of Henderson Administration Group, has been appointed a director of UNIVERSITIES SUPERANNUATION SCHEME and chairman of its investment sub-committee. He succeeds Sir Kenneth Berrill, who has been appointed chairman of the securities and investment board.

*

Following Mr Bob Anderson's appointment as managing director of Hepworth Plastics, HEPWORTH IRON COMPANY (HOLDINGS) has appointed Mr Ron Bradley as its marketing director. Mr Bradley was formerly depnty managing director of British Industrial Sand, a company also within the Hepworth Group, and he now assumes worldwide responsibility for the marketing of Hepworth vitrified clay drainage systems and cable conduits. Mr Ray Bass has been appointed UK sales director of The Hepworth Iron Company.

*

Mr P. C. Hull, director and accountant, has been appointed secretary of BRITANNIC ASSURANCE in place of Mr F. P. Weavers, who continues as director and investment manager. Mr Douglas Routledge has retired.

*

Mr Neil T. Bostock has joined the board of JEL ENERGY CONSERVATION SERVICES as financial director and company secretary. He was financial controller of Fairey Engineering.

*

Mr Roddy Macleod has joined VIVIAN GRAY AND CO., stockbrokers, and will establish for the firm a regional office in East Anglie. Following the acquisition of Wico by Exco in 1982, and the closing down of Carr Sebag, he joined the English Association Trust as a director with responsibilities for the development of U.S. merchant banking opportunities.

*

Mr Graham McVey is appointed chief executive of BUSINESS PRESS INTERNATIONAL from October 1. He succeeds Mr Bryan Hope, who is to move to the U.S. to become president of Reed Worldwide Exhibition Activities (Appointments column, August 2). Mr McVey is also appointed e director of BPI's parent company, Reed Publishing. He is currently managing director of Transport Press and the BPI board member responsible for five other publishing groups.

*

Mr John Shinner retires as general manager of EAST SURREY WATER COMPANY on August 15 but continues as a director. His successor is Mr Ian Fester who has been secretary and deputy general manager since 1977.

*

Mr Monny Verschueren, managing director, grocery division, Nabisco Group, has been appointed president of the CAKE AND BISCUIT ALLIANCE. Mr Clive Snowden, marketing director UK division, Rowntree Mackintosh, has been named vice-president.

*

The Transport Secretary has appointed Mr Richard Tookey, group public affairs co-ordinator and a director of Shell International Petroleum Company, as a part-time member of the BRITISH RAILWAYS BOARD.

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

# AUTHORISED UNIT TRUSTS & INSURANCES

| | | | | |
|---|---|---|---|---|
| Quadrant Gen. Fd. | 310 F | 330.6 | — | 5.82 |
| Quadrant Income | 172.0 | 183.9 | — | 6.87 |
| Quadrant Intl. Fund | 295.5 | 311.1 | ... | 1.53 |
| Quadrant Recovery | 189.3 | 201.4 | — | 3.54 |

**Reed Stenhouse Inv Services Ltd**
145 Borough High St. Ldn SE1 1NY 01-628 6011

| | | | | |
|---|---|---|---|---|
| Wellington Inc. | 48.8 | 51.9 | ... | 6.00 |
| Wellington Growth | 96.7 | 102.9 | ... | 2.00 |

**Reliance Unit Mgrs. Ltd.**
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

| | | | | |
|---|---|---|---|---|
| British Life | 129.8 | 137.3 | −0.3 | 4.96 |
| Reliance Unit Tst (Inc) | 82.8 | 88.5 | −0.2 | 4.77 |
| Reliance Ut Tst (Acc) | 106.8 | 114.1 | −0.3 | 4.77 |

**Ridgefield Management Ltd.**
35 Fountain St, Manchester M2 2AF. 061-236 5685

| | | | | |
|---|---|---|---|---|
| Income UT | 86.6 | 92.6 | | 7.25 |
| International UT | 213.4 | 228.2 | −1.0 | 1.00 |

**N.M. Rothschild Asset Management**
St Swithin's Lane, London EC4. 01-280 5456

| | | | | |
|---|---|---|---|---|
| NC America (Inc) | 226.7 | 238.6 | +0.6 | 1.40 |
| NC America (Acc) | 242.9 | 255.6 | +0.6 | 1.40 |
| NC Engy Res. Tst. | 154.8 | 162.9 | +0.4 | 2.52 |
| NC Inc Fd. | 66.2 | 64.6 | +0.5 | 5.12 |
| NC Japan Fund | 103.6 | 109.4 | +1.5 | 0.02 |
| NC Smaller Cos | 101.4 | 106.7 | +0.1 | 2.20 |
| NC Smaller European | 103.8 | 109.2 | +0.5 | 0.80 |
| NC Exempt Gilt Tst* | £122.0 | 127.0 | .. | 10.57 |
| NC American Prop* | $11.25 | 11.80 | .. | — |
| NC Prop.* | 178.0 | 196.0 | .. | — |

*Unauthorised Unit Trusts.

**Rowan Unit Trust Mngt. (a)**
1 Finsbury Av, London, EC2M 2PA. 01-606 1066

| | | | | |
|---|---|---|---|---|
| American Aug 2 | 182.5 | 186.5 | | 1.63 |
| Securities Aug 6 | 541.0 | 556.0 | −14.0 | 3.03 |
| High Yield Aug. 5 | 122.0 | 125.5 | - | 6.26 |
| Merlin July 31 | 262.0 | 270.0 | - | 1.99 |
| Fixed Interest | 152.0 | 153.0 | +0.5 | 2.81 |
| High Interest | 119.5 | 120.5 | +0.5 | 12.35 |
| Far East Aug 6 | 114.5 | 118.0 | +3.5 | 1.17 |

**Royal Life Fd. Mgmt. Ltd.**
New Hall Place, Liverpool L69 3HS. 051-227 4422

| | | | | |
|---|---|---|---|---|
| Equity Trust | 46.5 | 49.4 | +0.4 | 3.28 |
| International Trust | 54.2 | 57.6 | +0.5 | 1.71 |
| United States Trust | 27.3 | 29.0 | +0.2 | 1.89 |
| Pacific Basin | 24.2 | 25.7 | +0.1 | 0.63 |
| Gilt Trust | 25.1 | 26.4 | +0.1 | 8.03 |

**Royal London Unit Tst Mgrs Ltd**
Ryl. Ldn Hse., Colchester, C01 1RA 0206 576115

| | | | | |
|---|---|---|---|---|
| American Grwth | 68.1 | 72.5 | | 1.20 |
| Capital Accum | 139.4 | 148.4 | +1.0 | 3.36 |
| Gilt Income | 50.3 | 53.0 | +0.1 | 9.63 |
| High Income | 56.2 | 59.8 | +0.5 | 7.00 |
| Income & Growth | 66.3 | 70.6 | +0.7 | 5.26 |
| Japan Growth | 47.7 | 50.8 | +0.3 | 0.10 |
| Special Sits | 76.7 | 81.6 | +0.7 | 2.13 |

**Royal Trust Can. Fd. Mgt. Ltd.**
48-50, Cannon St, London EC4N 6LD. 01-236 6044

| | | | | |
|---|---|---|---|---|
| Capital Fund July 31 | 134.7 | 144.1 | ... | 2.1 |
| Income Fund July 31 | 115.6 | 123.6 | — | 6.80 |
| Intl Exempt* July 31 | £20.75 | 21.51 | — | 2.90 |

*Unauthorised

**SKG Management Limited**
20 Copthall Ave, EC2R 7JS. 01-600 7595

| | | | | |
|---|---|---|---|---|
| Gilt Acc. | 108.2 | 112.7 | ... | 3.61 |
| Do. Dist. | 104.5 | 108.9 | .. | 3.61 |
| Inc & Gwth in Invest | 122.3 | 130.1 | .. | 3.03 |
| Do. Accum. | 122.3 | 130.1 | — | 3.03 |

**Save & Prosper Group**
28, Western Rd., Romford, RM1 3LB.
68-73 Queen St, Edinburgh EH2 4NX.
(Romford) 0708-66966 or (Edin.) 031-226 7351

| | | | | |
|---|---|---|---|---|
| Capital | 80.1 | 85.6 | +0.4 | 2.58 |
| I.T.U. | 65.1 | 69.6 | | 3.32 |
| Select International | 56.6 | 60.5 | +0.2 | 2.86 |
| Univ. Growth | 62.2 | 66.1 | +0.4 | 2.20 |
| High-Yield | 118.3 | 125.8 | +0.8 | 5.79 |
| Scotyield | 115.0 | 122.3 | +0.9 | 4.97 |
| Smaller Cos. Inc. Fd. | 112.9 | 120.1 | +0.4 | 5.22 |
| Gilt & Fxd. Int. Inc. | 52.7 | 58.5 | +0.2 | 11.15 |
| High Return | 131.6 | 139.9 | +0.9 | 5.78 |
| Income | 73.6 | 78.2 | +0.5 | 7.22 |
| Gilt & Fxd. Int. Grth. | 75.3 | 76.1 | - | 3.31 |
| Scotshares | 124.9 | 132.8 | +0.4 | 4.86 |
| UK Equity | 131.9 | 141.0 | +1.0 | 5.58 |
| Amer Inc & Gwth Fd (z) | 60.9 | 65.1 | −0.1 | 8.02 |
| European (z) | 58.6 | 62.3 | . . | 1.11 |
| Japan (z) | 45.9 | 48.8 | . | 0.00 |
| Japan Smaller Cos (z) | 65.3 | 69.8 | +0.2 | 0.00 |
| S.E. Asia (z) | 96.7 | 102.8 | +2.0 | 1.88 |
| U.S. (z) | 60.8 | 64.6 | −0.5 | 0.62 |
| Commodity | 49.5 | 52.6 | −0.2 | 2.95 |
| Energy | 48.9 | 52.0 | +0.3 | 2.30 |
| Exploration Fund (z) | 34.7 | 36.9 | −0.1 | 0.89 |
| Financial Secs. | 70.3 | 75.1 | +0.6 | 2.77 |
| New Technology (z) | 82.6 | 87.8 | +0.2 | — |
| Scotbits | 96.7 | 103.4 | +0.5 | 3.80 |
| Special Situation Fd | 71.6 | 76.5 | +0.5 | 2.81 |
| Intl. Bond Fd. (z) | 87.1 | 92.6 | — | 5.82 |
| Exempt Income* | 55.8 | 58.5 | .... | 6.90 |
| Exempt Intl.* | 49.4 | 51.8 | .... | 3.44 |

*Prices on July 10

**Schroder Unit Trust Managers Ltd.**
Enterprise House, Portsmouth. 0705 827733

| | | | | |
|---|---|---|---|---|
| American | 106.6 | 113.6 | −0.6 | 1.66 |
| (Accum Units) | 108.0 | 115.1 | −0.6 | 1.66 |
| Australian | 63.2 | 67.3 | −0.1 | 1.25 |
| (Accum Units) | 67.4 | 71.8 | −0.1 | 1.25 |
| European | 64.6 | 68.8 | +0.2 | 1.64 |
| (Accum Units) | 65.6 | 69.9 | +0.2 | 1.64 |
| Extra Income Fd. | 48.5 | 51.7 | +0.1 | 8.12 |
| (Accum Units) | 48.7 | 51.9 | +0.1 | 8.12 |
| Gilt | 51.4 | 54.2 | +0.1 | 11.07 |
| (Accum Units) | 74.0 | 78.0 | +0.1 | 11.07 |
| Gold Fund Inc. | 32.3 | 34.4 | −0.7 | 3.78 |
| (Accum Units) | 33.2 | 35.3 | −0.7 | 3.78 |
| Income | 124.8 | 133.0 | +0.3 | 6.01 |
| (Accum Units) | 268.2 | 285.9 | +3.0 | 6.01 |
| Intnl. | 79.1 | 84.3 | +0.4 | 0.85 |
| (Acc. Units) | 108.8 | 115.9 | +0.6 | 0.85 |
| Jap. Smaller Cos. | 66.2 | 70.5 | +1.0 | 0.1 |
| Singapore | 57.2 | 60.9 | +0.9 | 0.77 |
| (Accum Units) | 58.1 | 61.9 | +1.0 | 0.77 |
| Smaller Co's. | 99.3 | 105.8 | +1.0 | 1.85 |
| (Accum Units) | 103.1 | 109.9 | +1.0 | 1.85 |
| Special Sits. Fd. | 78.5 | 83.6 | −0.1 | 1.60 |
| (Accum. Units) | 80.6 | 85.9 | −0.1 | 1.60 |
| Tokyo Inc | 110.0 | 117.2 | +1.6 | 0.38 |
| (Accum Units) | 110.7 | 118.0 | +1.6 | 0.38 |
| U.S. Smaller Cos. Fd. | 49.4 | 52.6 | +0.5 | 8.27 |
| UK Equity† | 76.7 | 81.7 | −0.3 | 3.81 |
| (Accum. Units)† | 116.5 | 124.1 | −0.4 | 3.81 |
| *Pens. & Charity Fund | 451.9 | 481.7 | .... | 4.15 |
| *Recovery | 559.7 | 596.6 | . | 3.02 |
| *Spec Ex | 901.7 | 961.3 | +4.4 | 1.90 |

*For tax exempt funds only. †After 4 for 1 Sub-Division.

**Scottish Equitable Fund Mgrs. Ltd.**
31 St Andrews Sq, Edinburgh 031-556 9101

| | | | | |
|---|---|---|---|---|
| Income Units | 116.6 | 124.0 | +3.3 | 3.85 |
| Accum. Units | 168.4 | 179.2 | +5.0 | 3.85 |

Dealing day Wednesday.

**Scottish Life Investments**
19 St Andrew Sq, Edinburgh 031-225 2211

| | | | | |
|---|---|---|---|---|
| UK Equity | 126.6 | 134.4 | +0.4 | 2.61 |
| American | 136.7 | 146.3 | +2.3 | 1.41 |
| Pacific | 98.5 | 105.4 | +2.1 | 0.09 |
| European | 126.0 | 134.8 | +0.8 | 1.08 |

**Scottish Mutual Investment Managers Ltd.**
109 St. Vincent St, Glasgow G2 5HN. 041-248 6100

| | | | | |
|---|---|---|---|---|
| European | 102.6 | 109.2 | +0.1 | 1.16 |
| Gilts & Fixed Int. | 103.1 | 109.7 | +0.4 | 9.20 |
| North American | 91.1 | 96.9 | +1.8 | 1.30 |
| Pacific | 91.7 | 97.5 | +1.7 | 0.4 |
| UK Equity | 126.8 | 134.9 | +1.1 | 2.96 |
| UK Smlr. Cos. Equity | 101.5 | 108.0 | +0.5 | 2.4 |

**Scottish Provident Inv. Mgt. Ltd.**
6 St Andrew Sq, Edinburgh 2. 031-556 9181

| | | | | |
|---|---|---|---|---|
| Equity Acc. | 128.3 | 137.2 | +0.5 | 3.74 |
| International Acc. | 119.8 | 128.1 | +1.0 | 1.48 |
| Gilt & Fxd Int Acc. | 109.7 | 117.3 | +0.2 | 9.66 |
| Index-Lnkd Secs Acc. | 102.0 | 109.1 | . | 2.38 |

**Scottish Unit Managers**
29 Charlotte Sq, Edinburgh. 031-226 4372

| | | | | |
|---|---|---|---|---|
| Pacific Fund (z) | 31.9 | 34.2 | +0.2 | — |
| World Growth | 28.1 | 30.1 | +0.2 | 0.77 |
| North American (z) | 31.8 | 33.2 | | 0.75 |
| Income Fund | 32.3 | 34.6 | +0.2 | 6.32 |
| European (z) | 24.2 | 25.9 | .. | 1.25 |

**Scottish Widows' Fund Management**
P.O. Box 902, Edinburgh EH16 5BU. 031-655 6000

| | | | | |
|---|---|---|---|---|
| Pen Ex Acc Aug 6 | 194.1 | 206.6 | . . | — |

**Standard Life Trust Mgmt. Ltd.**
3, George St., Edinburgh, EH2 2XZ. 031 225 2552

| | | | | |
|---|---|---|---|---|
| Income Units | 191.7 | 205.9 | +F.3 | 3.62 |
| Accum. Units | 206.6 | 221.9 | +2.5 | 3.62 |

**Stewart Ivory Unit Trust Mgrs Ltd.(a)**
45, Charlotte Sq, Edinburgh. 031-226 3271

| | | | | |
|---|---|---|---|---|
| American Fund | 188.1 | 200.4 | −0.7 | 0.78 |
| (Accum. Units) | 207.3 | 220.8 | −0.8 | 0.30 |
| (Withdrawal Units) | 137.3 | 146.3 | −0.5 | 0.78 |
| Australian Fund | 112.1 | 119.4 | −1.0 | 1.09 |
| British Capital* | 433.0 | 461.1 | +5.3 | 4.51 |
| (Accum. Units) | 565.1 | 601.7 | +6.9 | 4.56 |
| European Fund | 174.8 | 186.2 | +2.0 | 0.98 |
| Japan Fund | 170.1 | 181.1 | +2.2 | 0.52 |
| Scots PPP | 115.9 | 122.0 | . . . | — |

Deal. *Wed.

**Sun Alliance Fund Management Ltd.**
Sun Alliance Hse, Horsham. 0403 56293

| | | | | |
|---|---|---|---|---|
| Equity Tst | 302.9 | 322.2 | +1.7 | 2.97 |
| North America | 46.9 | 49.9 | +0.4 | 1.64 |
| Far East | 49.7 | 52.8 | +0.7 | 1.19 |

**Sun Life Trust Mgmt. Ltd.**
107 Cheapside, EC2V 6DU. 01-606 6010

| | | | | |
|---|---|---|---|---|
| American Growth Acc. | 23.8 | 25.3 | +0.2 | 2.0 |
| American Income Acc. | 22.7 | 25.3 | +1.5 | 5.2 |
| American Income Inc. | 22.7 | 24.1 | +0.3 | 5.2 |
| European Growth Acc. | 26.0 | 27.6 | | 1.2 |
| Far East Growth Acc | 25.0 | 26.6 | | 0.4 |
| Int. Growth Acc | 24.1 | 26.3 | +1.2 | 1.0 |
| Japan Growth Acc. | 26.6 | 28.3 | +0.2 | 0.4 |
| UK Growth Acc. | 24.9 | 26.5 | +0.2 | 2.8 |
| UK Income Acc | 24.0 | 25.5 | +0.0 | 4.9 |
| UK Income Inc. | 24.0 | 25.5 | +0.1 | 4.9 |

**Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)**
99-101 London Rd, Sevenoaks. 0732 450161

| | | | | |
|---|---|---|---|---|
| Equity Dist.* | 210.9 | 223.1 | | 4.18 |
| Equity Acc.* | 250.3 | 264.8 | | 4.18 |
| Fixed Int. Dist.† | 117.5 | 121.8 | | 11.13 |
| Fixed Int. Acc.† | 165.6 | 171.6 | | 11.13 |

*Prices on Aug 1. Next dealing August 14
†Prices on Aug 1. Next dealing August 7

# INSURANCES

# INSURANCE, OVERSEAS & MONEY FUNDS

## OFFSHORE AND OVERSEAS

## Money Market Trust Funds

## Money Market Bank Accounts

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

## OPTIONS

### 3-month call rates

| | | | |
|---|---|---|---|
| Industrials | p | Marks & Spencer | 11 |
| Allied-Lyons | 16 | Midland Bk | 30 |
| BAT | 32 | NEI | 8 |
| BOC Grp | 25 | Nat West Bk | 60 |
| BSR | 16 | P & O Dfd | 36 |
| BTR | 52 | Plessey | 17 |
| Babcock | 14 | Polly Peck | 26 |
| Barclays | 48 | Racal Elect | 18 |
| Beecham | 32 | RHM | 11 |
| Blue Circle | 45 | Rank Org Ord | 32 |
| Boots | 15 | Reed Intnl | 58 |
| Bowaters | 28 | Sears | 8 |
| Brit Aerospace | 33 | TI | 28 |
| Brit. Telecom | 11 | Tesco | 20 |
| Brown (J.) | 3 | Thorn EMI | 35 |
| Burton Ord | 39 | Trust Houses | 13 |
| Cadburys | 14 | Turner Newall | 10 |
| Charter Cons. | 18 | Unilever | 85 |
| Comm Union | 19 | Vickers | 19 |
| Courtaulds | 12½ | Property | |
| Debenhams | 17½ | Brit Land | 12 |
| Distillers | 28 | Cap Counties | 18 |
| FNFC | 8½ | Land Secs | 25 |
| Gen Accident | 45 | MEPC | 28 |
| Gen Electric | 17 | Peachey | 22 |
| Glaxo | 85 | Samuel Props | 14 |
| Grand Met | 25 | | |
| GUS 'A' | 60 | Oils | |
| Guardian | 60 | Brit. Oil & Min. | 4 |
| GKN | 17 | Brit Petroleum | 42 |
| Hanson Tst. | 17½ | Burmah Oil | 28 |
| Hawker Sidd. | 38 | Charterhall | 6 |
| ICI | 68 | Premier | 5 |
| 'Imps' | 18 | Shell | 60 |
| Jaguar | 28 | Tricentrol | 18 |
| Ladbroke | 24 | Ultramar | 19 |
| Legal & Gen | 58 | Mines | |
| Lex Service | 28 | Cons Gold | 44 |
| Lloyds Bank | 45 | Lonrho | 14 |
| Lucas Inds | 25 | Rio T Zinc | 56 |

A selection of Options traded is given on the London Stock Exchange Report Page.

# COMMODITIES AND AGRICULTURE

## Metal Exchange agrees copper contract changes

BY ANDREW GOWERS

THE LONDON Metal Exchange voted yesterday, after many months of debate, to restructure its key copper contracts in a hid to differentiate more carefully between high-quality and other grades of metal.

The move, recommended by an LME working party last week, was sgreed by s special joint meeting of the market's Board and the management committee, with 15 members voting in favour and four sgainst.

It comes in response to mounting demands from industry for s special high-quality contract to reflect changing patterns of copper consumption as a result of technological advances.

Copper producers hsve also expressed dissatisfaction with the LME's copper trading arrangements, claiming thet the present system — involving s broadly defined higher-grada contract and a standard cathode—artificially depresses the prics of high-quality cathodes.

Under the new system, which the Exchange expects to introduce sometime in the second half of 1986, there will still be two copper contracts. One, to be known as "grade A copper," will incorporate presently listed higher-grade cathodes and a selected number of wirebar brands.

The second, called "atandard copper," will replace the existing higher-grade contract. All presently listed brands of wirebar and cathode, of both standard and higher grade, will he deliverable sgainst this contract.

Several board or management committee members expressed surprise et the speed and decisive majority with which the LME acted yesterday, reflecting s sense of urgency ehout settling an issue which has clouded the Exchange's sctivitiea for some time.

Mr Micheel Brown, the LME's chief executive, conceded thet one reason for this was pressure from the trade. "If it hadn't been for the trade interests, we wouldn't have done it so quickly," he said. "Technology has overtaken us."

A number of details on the implementation of the new system remain to be resolved.

For example, Board and committee members referred to the LME's metals sub-committee e decision on the range of wirehars that would be deliverahle against the grade A contract. This is a contentious issue, as some members of the trade had wanted to drop wirehars eltogether.

Although the working party recommended thst 11 hrands should be accepted, this list is likely to be slimmed down in the end.

## Canada drops feed grain price formula

By Robert Gibbens in Montreal

THE CANADIAN Federal Government is trying to get more flexibility into the country's domestic feed grain marketing system.

Since 1976 livestock feed grains sold domestically by the Canadian Wheat Board have been linked to the U.S. maize price, hut market conditions have changed and the so-called corn (maize) competitive pricing formula is being dropped.

Originally the formula was intended to protect eastern liveatock prodncers from sudden feed grain price increases, but the Wheat Board has sold very little grain under the formula since 1982. Ontario produces its own feed grains and Quebec and the Maritime provinces have reduced their dependence on the West.

Among other policy changes the Wheat Board will try to increase quotas for delivery of feed grains to western country elevators, and rail bopper cars owned by the federal government

## U.S. expects Egypt to buy bonus wheat soon

BY NANCY DUNNE IN WASHINGTON

THE U.S. may be close to completing its first sale of commodities offered under the Department of Agriculture's controversial export bonus programme.

Mr John Block, the U.S. Agriculture Secretary, said last week that he expected Egypt to issue worldwide tenders for both wheat and wheat flour this week. He said ha was not surprised by the slow response of buyers to the export bonus programme hecause commodity prices have been tumbling.

According to Mr Bill Wilson of the U.S. Feed Grains Council, Egypt may issue a tender today or tomorrow for the purchase of 150,000 tonnes of wheat flour. The deal would be made under the USDA's second export "initiative," an offer of a total 600,000 tonnes of wheat flour to Egypt.

Under the export bonus programme, the USDA will give government-owned commodities to enable exporters to offer lower prices to selected customers. In addition to offering wheat flour to Egypt, the Department has offered 1m tonnes of non-durum wheat to Algerio and 500,000 tonnes of wheat to Egypt.

Meanwhile, USDA officials say they are confident that the Soviet Union, which has been noticeably absent from the U.S. wheat market, will fulfil its long-term agreement commitment to buy 4m tonnes of wheat hy October 1. Thus far, Moscow has purchased only 2.9m tonnes, but s USDA official said that the Soviets, unlike the Chinese, have never failed to keep their grain buying pacts with the U.S. and there still is time for the purchase of the remaining 1.1m tonnes.

The Soviets have bought 15.8m tonnes of maize, far beyond the required 4m tonnes, but the official said it still expects the wheat minimum to be met because it was an essential part of the long-term arrangement.

## Jamaica to close three state-owned sugar mills

By Canute James in Kingston

JAMAICA IS to close three of its five state-owned sugar mills as part of plans in rationalise the financially troubled industry.

Mr Edwerd Seaga, the Prime Minister, said the two remaining state-owned mills, and private operators, would be able to produce the 225,000 tonnes per year which the island needed to meet domestic needs and its quota to the European Community.

He indicated that farming of sugar cane on lands around the closed mills may continue if his sdministration is successful in plans to use the canes in the production of ethanol.

● THE SURINAM Government has ordered the Royal Dutch/Shell Group bauxite mining subsidiary Billiton MIJ N.V. to raise its workers' pay by 5 per cent following a two-week work to rule which disrupted output and shipments.

Workers resumed normal work on July 29 after Mr Kenneth Koole, the Natural Resources Minister, ordered Billiton to raise wages and pay workers in full for the two weeks.

Billiton lost about $30m on its Surinam operations last year. It has objected to the terms of the settlement and it is not yet clear whether it will bonour the arrangement.

● NEW CALEDONIA'S Thio nickel mine, the country's biggest, restarted production yesterday after s week-long closure which mine officials say has seriously upset output plans.

Mr Paul Bliek, the director of the mine's owner, Societe Le Nickel, told reporters it would be difficult to meet earlier production forecasts.

The Thio mine was forced to close last week when Melanesian militants blockaded the east coast mining town.

● SPANISH farmers have called on the Agriculture Ministry to halt maize imports to avoid a price crash, a spokesman for the National Confederation of Farmers and Cattlemen (FNAG) said.

He said imports from the U.S. and Argentina were forcing down prices of maize now heing harvested.

David Gilbertson on plans to reduce reserves of strategic metals

## Rethinking stockpile policies

TWO SEPARATE announcements from Washington and London in the last month hove highlighted o shift in government ettitudes to the policy of stockpiling so-called "strategic" metals.

These materials, frequently by-products in mining operations, are deemed to be strategic for s variety of reasons including the importance and nature of their spplication, the availehility of substitute materials at sceptable cost and, fundamentally, the location and distribution of their supply sources. The critical nature of these metals led both the U.S. and the UK governments to establish reserve stocks against the possibility of supply disruption, but in the spsce of the last few weeks, both hava announced intentions to sell off part of their reserve.

The American plan, which still has to be approved by Congress provides for the sale of $2.5bn worth of metals from the Netional Defence Stockpile over the next five years. In the UK, the Government is to release before March next year 25 per cent of its stockpile, worth up to £15m. The revisions had been made, both said, because the materials were "no longer considered necessary."

The timing of the moves has baffled many. The current unrest in South Africa and the potential disruptive effect this could have on internal transport, shipping and even mine production itself, would appear to suggest a greater rather than reduced need for a strategic reserve. South Africa is the west's major supplier of many strategic minerals.

The British decision, which sets in motion a policy change first announced last November, is viewed hy many in the market as particulerly surprising since its relatively narrowly based stockpile is designed specifically as a hedge against turmoil in southern Africa.

Unlike its much larger U.S. counterpart, which includes a wide range of materials from many origins, the UK reserve is made np only of metals in which southern or central African nations are the dominant or leading producers.

It ignores a number of arguehly equally strategic items which are not produced in that region. The UK stock consists of the alloying metals—chrome, menganese and vanadium—of which South Africa itself is by far the west's number one producer, and cobalt, where Zaire and Zambia account for the hulk of western needs.

In the absence of detailed official statements of explanation for the disposals from either London or Washington, there is some speculation that the twin decisions reflect a belief in government circles that the conventional concept of a protracted national emergency in which a strategic reserve would be called upon is becoming increasingly outmoded. But many in the metal markets believe the decisions owe more to political financial expediency than to changing judgements on national vulnerability.

Both governments clearly see the disposals as a means of generating revenue. The White House has stated formally that certain returns from its sales would be used to reduce the federal hudget deficit; while the UK administration, many observers consider, may be seizing the opportunity of taking a profit on its metals, some of which have risen significantly in value since the recessionary days of early-1983 when the stockpile was inaugurated.

"It would be interesting to know," one prominent metal merchant commented, "whether the government would have been so quick to sell off the stockpile if the markets had gone against them."

This is not the first time the British Government's philosophical commitment to stockpiling has been called into question, however. When the reserve was first established, officials made such play of the need to protect domestic users of strategic metals—such as British Steel and British Chrome and Chemical—against supply interruption. But outside government circles there was some suggestion that the Department of Trade and Industry's main goal in establishing the stockpile was to use up an outstanding budget allocation before the end of its financial year.

The UK had certainly been considering stockpiling for some years but the somewhat hurried purchasing programme in February-March 1983 caused many to question the underlying motives.

While criticism of the relatively small scale releases from the UK stockpile has been muted and focused largely on the philosophical questions, protest against the U.S. plans has been vociferous and geared to the practicalities.

Industry groups have been quick to lobby Washington on the potential weakening effect its wide-ranging sales proposals could have on a number of markets. Zaire's U.S. agent, Afrimet-Indussa, is calling for cobalt sales to be restricted to 10 per cent of the preceding year's consumption, while the Refractory Metals Association is mounting a similar campaign on behalf of the tungsten industry. Additionally, silver and bauxite producers are rallying in a bid to head off possible large-scale disposals into those two already depressed markets.

But perhaps the most shell-shocked of sectors is that concerned with platinum and its associated metals. These again are predominantly produced in South Africa (the Soviet Union is the world's number-two producer) and are vital raw materials in such areas as oil refining, chemical processing and a number of defence-related and high technology applications.

Reflecting their growing importance, the U.S. only this year began an acquisition programme for platinum, palladium and iridium. But under the latest Reagan proposals that newly-purchased stock would be liquidated—a move the industry finds doubly hard to account for at a time of deteriorating trade relations between the U.S. and South Africa under the threat of anti-apartheid economic sanctions.

Interestingly, the UK too has eschewed platinum metals in its stockpile, even though they certainly meet its apparent criterion of dependence upon South Africa. And this despite a House of Lords select committee report in 1982 which concluded that the platinum group metals, together with chrome, manganese and phosphate rock, were the four most critical materials to the UK on the grounds of import dependence and importance to domestic industry. However, since up to 40 per cent of the world's platinum comes to the UK for refining, the Government may have considered the onshore availability at any one time to be adequate.

Definitions of what is and is not strategic vary widely. To some that quality is inevitably tied to military- or defence-related uses, others take a broader line and consider any material important to high technology manufacturing to be inherently strategic.

Either way the concerns which led the U.S. and UK governments to establish stockpiles of such materials in the first place appear somehow to have become less acutely-felt in the last month. Many in the strategic metal markets themselves find it hard to understand why.

*David Gilbertson is joint editor of Metal Bulletin.*

### WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,700-2,800.

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 4.10-4.25.

CADMIUM: European free market, min. 99.95 per cent, $ per lb, in warehouse, ingots, 0.75-0.80, sticks, 0.83-0.88.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 11.35-11.50.

MERCURY: European free market, min. 99.99 per cent, $ per flask, in warehouse, 288-295.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.20-3.33.

SELENIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 7.10-7.50.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit $WO_3$, cif, 64-70.

VANADIUM: European free market, min. 98 per cent $V_2O_5$ other sources, $ per lb $V_2O_5$, cif, 2.15-2.25.

URANIUM: Nuexco exchange value, $ per lb $U_3O_8$, 15.00.

## LONDON MARKETS

AFTER CLIMBING to the highest levels of the recent rally during the day London sugar futures fell back in late trading reflecting a weak opening in New York, firmer dollar rates and speculative profit-taking. The rise, which was influenced by news of a Moroccan buying tender and reports that Egypt had accepted offers for more white sugar at its tender than originally planned, took nearby prices up to $4 higher at one stage before they slipped back to finish barely changed on the day. Coffee futures moved mainly in line with currencies and the November position ended £12 lower at £1,691.50 a tonne. Cocoa values were higher with December futures gaining £18 to £1,716.50 a tonne.

### MAIN PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

### INDICES

FINANCIAL TIMES

| Aug. 6 | Aug. 5 | M'th ago | Year ago |
|---|---|---|---|
| 254.99 | 255.00 | 274.94 | 302.54 |

(Base: July 1 1952 = 100)

REUTERS

| Aug. 6 | Aug. 5 | M'th ago | Year ago |
|---|---|---|---|
| 1710.8 | 1711.8 | 1733.3 | 1871.4 |

(Base: September 18 1931 = 100)

DOW JONES

| Dow Jones | Aug. 5 | Aug. 2 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 114.86 | 113.95 | — | 130.81 |
| Fut | 116.59 | 116.24 | — | 129.03 |

(Base: December 31 1974 = 100)

### ALUMINIUM

[illegible]

Turnover: 16,425 tonnes.

### COPPER

[illegible]

### GOLD

[illegible]

### LEAD

[illegible]

### NICKEL

[illegible]

### ZINC

[illegible]

### TIN

[illegible]

### SILVER

[illegible]

### GRAINS

[illegible]

### COCOA

[illegible]

### COFFEE

[illegible]

### SUGAR

[illegible]

### SOYABEAN MEAL

[illegible]

### RUBBER

[illegible]

### OIL

[illegible]

### POTATOES

[illegible]

### PIGMEAT

[illegible]

### FREIGHT FUTURES

[illegible]

## U.S. MARKETS

GOLD AND SILVER came under pressure in response to the weak tone to currencies and platinum, reports Heinold Commodities. Copper was steady on an oversold condition and a pick-up in physical interest. Aluminium weakened on the lack of fresh news regarding production cuts. Sugar lost ground on profit-taking and indications of light producer selling. Cocoa declined in response to continued talk of favourable crop conditions. Coffee benefited from better roaster demand. Cotton weakened on trade selling as nearby supply availability remains good. Heating oil moved moderately lower as markets expected a further moderate build-up in industry stocks. Soyabeans were mixed as large professional and commercial traders became heavily involved in bull spreads late in the session. Wheat traded mixed in a very narrow range while maize was unchanged to lower.

[illegible]

### NEW YORK

[illegible]

### CHICAGO

[illegible]

## OTHER MARKETS

### MEAT

[illegible]

### WOOL FUTURES

[illegible]

### ROTTERDAM

[illegible]

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Pound suffers on strong dollar

The pound lost ground yesterday after a fresh wave of demand for the dollar. Concern over the price of oil and the possibility of a cut in the UK base rates were contributory factors but the pound's decline was seen principally as a reversal of its previous sharp appreciation which had been prompted by a weaker dollar.

The release of UK money supply figures was not seen as the start of sterling's decline since the pound touched its low of $1.3420 against the dollar before the figures were published. It closed at $1.3460-$1.3470, a fall of 2.20c. The pound's decline was not just confined to the dollar and it slipped to DM 3.8325 from DM 3.8650, Y321 from Y324¼, SwFr 3.1825 from SwFr 3.18 and FFr 11.6800 compared with FFr 11.7850. Its Bank of England exchange rate index slipped to 80.3 at the close, its worst level for six weeks and down from an opening high of 81.4. Monday's close was 81.1.

The dollar was well bid throughout the day amid hopes of a brighter economic picture. It passed through an important chart point of Y237.80 against the yen and this prompted further demand to boost the U.S. unit to a closing level of Y238.45 from Y237.40 on Monday. Initially trading had been confined to a fairly narrow range but the Federal authorities' absence in adding reserves with Federal funds trading at 7¾ per cent helped to underpin the dollar. It failed to break through the DM 2.85 level decisively in London, finishing at DM 2.8490 from DM 2.8250 although in early New York trading it was quoted at DM 2.8525.

Elsewhere it closed at SwFr 2.3625 from SwFr 2.3220 and FFr 8.69 compared with FFr 8.6125. In addition the dollar was underpinned by expected demand for the first round of the U.S. Treasury's refunding package, starting yesterday with $8½bn of 3-year Treasury notes.

On Bank of England figures, the dollar's exchange rate index rose from 137.5 to 138.4.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.8055. July average 2.9134. Exchange rate index 125.4 against 119.8 six months ago.

The dollar was firmer against the D-mark in Frankfurt yesterday. It improved at the fixing to DM 2.8394 from DM 2.8198, without any intervention by the Bundesbank. Short covering was seen as the main reason behind the rise with a more stable outlook for the U.S. interest rates helping sentiment. In addition there was some demand for the U.S. unit ahead of the latest U.S. Treasury refunding package which saw $8½bn of 3-year Treasury notes up for auction yesterday. However much of the move was technical, with bears caught slightly off balance by the dollar's firmer trend. The dollar closed at DM 2.8500.

### STERLING INDEX

| | Aug. 6 | Previous |
|---|---|---|
| 8.30 am | 81.4 | 81.6 |
| 9.00 am | 81.4 | 81.2 |
| 10.00 am | 81.0 | 81.2 |
| 11.00 am | 80.8 | 81.3 |
| Noon | 80.6 | 81.4 |
| 1.00 pm | 80.5 | 81.4 |
| 2.00 pm | 80.5 | 81.5 |
| 3.00 pm | 80.4 | 81.4 |
| 4.00 pm | 80.3 | 81.1 |

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu August 6 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.8320 | 44.8708 | +0.09 | +0.62 | ±1.5425 |
| Danish Krone | 8.12857 | 8.02133 | −1.32 | −0.80 | ±1.6421 |
| German D-mark | 2.23840 | 2.22646 | −0.53 | −0.01 | ±1.1455 |
| French Franc | 6.86402 | 6.78707 | −1.12 | −0.60 | ±1.3654 |
| Dutch Guilder | 2.52208 | 2.50458 | −0.69 | −0.17 | ±1.5162 |
| Irish Punt | 0.724578 | 0.714592 | −1.38 | −0.86 | ±1.6673 |
| Italian Lira | 1520.60 | 1487.07 | −2.21 | −2.77 | ±4.0856 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ IN NEW YORK

| | Aug. 6 | Prev. close |
|---|---|---|
| £ Spot | $1.3445-1.3460 | $1.3115-1.3725 |
| 1 month | 0.46-0.44pm | 0.47-0.45 pm |
| 3 months | 1.11-1.08pm | 1.08-1.05 pm |
| 12 months | 2.65-2.50pm | 2.63-2.45 pm |

Forward premiums and discounts apply to the U.S. dollar

### POUND SPOT—FORWARD AGAINST POUND

| August 6 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.3420-1.3715 | 1.3460-1.3470 | 0.46-0.43c pm | 3.97 | 1.11-1.08 pm | 3.22 |
| Canada | 1.8250-1.8580 | 1.8250-1.8290 | 0.51-0.42c pm | 3.05 | 1.10-0.95 pm | 2.24 |
| Nethlnd. | 4.30½-4.36 | 4.30½-4.31½ | 2⅛-2c pm | 5.92 | 5⅞-5⅝ pm | 0.34 |
| Belgium | 77.10-78.36 | 77.20-77.30 | 24-11c pm | 2.72 | 44-27 pm | 1.84 |
| Denmark | 13.79-13.97½ | 13.81-13.82 | 4⅞-2⅞ore pm | 3.15 | 10½-8⅞ pm | 2.75 |
| Ireland | 1.2270-1.2381 | 1.2285-1.2295 | 0.20-0.05p pm | 1.22 | 0.40-0.12 pm | 0.95 |
| W. Ger. | 3.82¾-3.88 | 3.82¾-3.83¾ | 2⅛-2⅛pf pm | 7.24 | 6⅛-6⅞ pm | 6.59 |
| Portugal | 224½-230½ | 224½-227½ | 80-410c dis | −12.48 | 430-1470ds | −16.81 |
| Spain | 223½-227½ | 225½-226½ | 125-340c dis | −12.46 | 580-705dis | −11.47 |
| Italy | 2531½-2609 | 2544½-2555½ | 11-22lire dis | −10.36 | [illegible] | −1.72 |
| Norway | 11.24½-11.38¼ | 11.24½-11.25½ | 2⅜ore pm-¼dis | −0.90 | 2.5-1¾ dis | −1.02 |
| France | 11.65½-11.83½ | 11.67½-11.68½ | 2⅛-1c pm | −1.01 | [illegible] | −0.98 |
| Sweden | 11.25-11.47½ | 11.33¼-11.34¼ | 2¼ore pm-par | −4.10 | 8.10-9.10 dis | −3.46 |
| Japan | 320-324¼ | 320½-321½ | 1.85-1.75y pm | 5.72 | 4.15-3.95 pm | 5.00 |
| Austria | 26.91-29.08 | 26.83-26.98 | 16¾-13⅞gro pm | 5.79 | 36¼-34¾ pm | 4.94 |
| Switz. | 3.17¼-3.19⅝ | 3.17½-3.18½ | 2⅞-2⅛c pm | 7.78 | 6⅝-6⅛ pm | 6.89 |

Belgian rate is for convertible francs. Financial franc 77.70-77.80. Six-month forward dollar 1.93-1.88c pm 12-month 2.65-2.50c pm.

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

| August 6 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.3420-1.3715 | 1.3460-1.3470 | 0.46-0.43c pm | 3.97 | 1.11-1.06 pm | 3.22 |
| Ireland† | 1.0920-1.1047 | 1.0945-1.0955 | 6.30-0.20c pm | 2.73 | 0.75-0.55 pm | 2.37 |
| Canada | 1.3538-1.3585 | 1.3575-1.3585 | 0.09-0.12c dis | −0.83 | 0.31-0.36dis | −0.99 |
| Nethlnd. | 3.1705-3.2100 | 3.2030-3.2040 | 0.53-0.50c pm | 1.94 | 1.78-1.72 pm | 2.18 |
| Belgium | 57.00-57.45 | 57.35-57.45 | 18-25c dis | −4.51 | 35-50 dis | −2.97 |
| Denmark | 10.15⅞-10.28 | 10.25-10.26½ | ⅛-1ore dis | −0.88 | 1-1½ dis | −0.40 |
| W. Ger. | 2.8236-2.8630 | 2.8485-2.8495 | 0.88-0.81pf pm | 3.58 | 2.45-2.40 pm | 3.42 |
| Portugal | 167½-169 | 167½ 168½ | 100-350c dis | −16.05 | 450-1200ds | −19.61 |
| Spain | 165.10-168.85 | 168.10-168.20 | [illegible] | [illegible] | [illegible] | −13.84 |
| Italy | 1880-1901 | 1898-1898½ | 7-8lire dis | −4.90 | 22-25 dis | −5.06 |
| Norway | 8.29-8.38½ | 8.35-8.35½ | 3¼ore dis | −4.20 | 8-9 dis | −4.20 |
| France | 8.61-8.69½ | 8.68½-8.69½ | 2.40-2.60c dis | −3.87 | 8.10-8.25dis | −3.89 |
| Sweden | 8.38-8.45½ | 8.43½-8.44½ | 5¼-5½ore dis | −7.65 | 13¼-14 dis | −6.54 |
| Japan | 237.60-238.70 | 238.40-238.50 | 0.05-0.02y pm | 0.25 | 1.18-1.07 pm | 1.84 |
| Austria | 19.85-20.04½ | 19.97-20.02 | 6¼-3⅞gro pm | 2.33 | 12¼-10 pm | 2.26 |
| Switz. | 2.3220-2.3670 | 2.3600-2.3650 | 0.74-0.70c pm | 3.73 | 2.05-2.00 pm | 3.46 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.70-57.80.

### OTHER CURRENCIES

| Aug. 6 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Austral | 1.0764-1.0786 | 0.8000-0.8010 | Austria | 26.80-27.10 |
| Australia Dollar | 1.8850-1.8880 | 1.4040-1.4060 | Belgium | 77.65-78.45 |
| Brazil Cruzeiro | 8,748-8,779 | 6,500-6,520 | Denmark | 13.75-13.90 |
| Finland Markka | 8.1105-8.1330 | 6.0260-6.0380 | France | 11.64-11.78 |
| Greek Drachma | 179.05-180.37 | 133.55-133.90 | Germany | 3.82-3.86 |
| HongKong Dollar | 10.4500-10.4600 | 7.7630-7.7650 | Italy | 2540-2590 |
| Iran Rial | 122.60* | 89.50* | Japan | 324-330 |
| KuwaitDinar(KD) | 0.4055-0.4065 | 0.30170-0.30190 | Netherlands | 4.29-4.33 |
| Luxembourg Fr. | 77.10-78.30 | 57.35-57.45 | Norway | 11.23-11.33 |
| Malaysia Ringgit | 3.3140-3.3270 | 2.4655-2.4675 | Portugal | 221-235 |
| NewZealand Dlr. | 2.5360-2.5435 | 1.8895-1.8900 | Spain | 217-226 |
| Saudi Arab Riyal | 4.9035-4.9131 | 3.6500-3.6507 | Sweden | 11.20-11.40 |
| Singapore Dollar | 2.9050-3.0750 | 2.3005-2.3015 | Switzerland | 3.15-3.19 |
| Sth African Rand | 3.0285-3.0600 | 2.2485-2.2675 | United States | 1.34-1.50 |
| U.A.E. Dirham | 4.9350-4.9440 | 3.6720-3.6750 | Yugoslavia | 365-410 |

* Selling rate.

### CURRENCY MOVEMENTS

| Aug. 6 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 80.3 | −9.6 |
| U.S. dollar | 138.4 | +5.1 |
| Canadian dollar | 88.0 | −7.0 |
| Austrian schilling | 115.8 | −4.6 |
| Belgian franc | 91.1 | −10.1 |
| Danish Kroner | 80.7 | −9.1 |
| Deutsche mark | 120.4 | +9.5 |
| Swiss franc | 146.1 | +10.8 |
| Guilder | 115.0 | +4.5 |
| French franc | 67.0 | −13.9 |
| Lira | 44.5 | −19.5 |
| Yen | 157.5 | +15.9 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

### CURRENCY RATES

| Aug. 6 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.758243 | 0.580842 |
| U.S. $ | 7½ | 1.02636 | 0.783907 |
| Canadian $ | 9.31 | 1.40022 | 1.06850 |
| Austria Sch. | 4½ | 20.4774 | 15.6589 |
| Belgian Fr. | 9 | 59.7646 | 44.8708 |
| Danish Kr. | 7 | 10.4865 | 8.08133 |
| D mark | 4 | 2.91403 | 2.23646 |
| Guilder | 5 | 3.27691 | 2.50458 |
| French Fr. | 9½ | 8.87377 | 6.78707 |
| Lira | 15½ | 1946.65 | 1487.07 |
| Yen | 5 | 243.740 | 186.844 |
| Norway Kr. | 8 | 8.63711 | 6.53867 |
| Spanish Pts. | — | 170.354 | 130.166 |
| Swedish Kr. | 10½ | 8.60177 | 6.59462 |
| Swiss Fr. | 4 | 2.40785 | 1.84218 |
| Greek Dr'ch | 20½ | 135.931 | 103.750 |
| Irish Punt | 13¼ | 0.938533 | 0.714592 |

* CS/SDR rate for Aug. 2: 1.38979.

### EXCHANGE CROSS RATES

| Aug. 6 | Pound St'ling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.347 | 3.833 | 321.6 | 11.68 | 3.183 | 4.310 | 2555. | 1.827 | 77.25 |
| U.S. Dollar | 0.743 | 1. | 2.849 | 238.5 | 8.690 | 2.365 | 3.204 | 1899 | 1.357 | 57.40 |
| Deutschemark | 0.261 | 0.351 | 1. | 83.76 | 3.048 | 0.830 | 1.125 | 666.7 | 0.477 | 20.10 |
| Japanese Yen 1,000 | 3.115 | 4.196 | 11.94 | 1000. | 36.39 | 9.914 | 13.43 | 7960. | 5.692 | 240.7 |
| French Franc 10 | 0.856 | 1.153 | 3.281 | 274.8 | 10. | 2.725 | 3.690 | 2186. | 1.564 | 66.14 |
| Swiss Franc | 0.314 | 0.423 | 1.204 | 100.9 | 3.670 | 1. | 1.354 | 802.9 | 0.574 | 24.27 |
| Dutch Guilder | 0.232 | 0.312 | 0.889 | 74.46 | 2.710 | 0.738 | 1. | 592.8 | 0.424 | 17.92 |
| Italian Lira 1,000 | 0.391 | 0.527 | 1.500 | 125.6 | 4.571 | 1.246 | 1.687 | 1000. | 0.715 | 30.23 |
| Canadian Dollar | 0.547 | 0.737 | 2.098 | 175.7 | 6.393 | 1.742 | 2.359 | 1398. | 1. | 42.28 |
| Belgian Franc 100 | 1.294 | 1.743 | 4.961 | 415.9 | 15.12 | 4.120 | 5.579 | 3307. | 2.365 | 100. |

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| Aug. 6 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Krone |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short-term | 12-12⅛ | 7¾-7⅞ | 8¼-8¾ | 5-6¼ | 3-5¼ | 4½-4⅝ | 0¼-10 | 16¼-21¼ | 6⅝-7⅛ | 7⅜-7⅝ | 6¼-6¼ | 8⅞-9⅜ |
| 7 days' notice | 11⅞-12⅛ | 7⅞-7⅞ | 8⅛-8¾ | 6-6¼ | 2⅝-2⅞ | 4½-4⅝ | 10-10¼ | 15⅛-14⅞ | 9 9 | 8⅛-8¾ | 6⅛-6⅛ | 8⅞-8⅞ |
| Month | 11¾ 11⅞ | 7⅞-8⅛ | 8⅝-8⅞ | 6-6⅛ | 4⅝ 4¾ | 4⅝ 4¾ | 11-11½ | 18⅛-13⅛ | 8⅞-9⅝ | 6⅛-0¼ | 6¼-6⅞ | 8⅝-9⅛ |
| Three months | 11⅛ 11⅞ | 8⅛-8¼ | 8⅞-9⅛ | 0⅞-6 | 4⅝ 4¾ | 4⅞ 4⅞ | 11¾-12¼ | 12⅞-13¾ | 0⅝ 0⅞ | 0⅝-9⅛ | 6¼-6⅝ | 8¾-8⅛ |
| Six months | 11⅞-11⅞ | 6⅝-8⅞ | 9⅞-9⅞ | 0⅞-6 | 4¾-4⅞ | 4⅞-5 | 12-18¼ | 13⅝-15⅛ | 9½-10 | 8⅝-9⅝ | 6¼-6⅝ | 8⅞-9⅛ |
| One year | 11-11⅛ | 8⅞ 8⅞ | 9⅝-9⅞ | 6⅞-6 | 4⅞-4⅞ | 4⅞-5⅞ | 12-18⅛ | 13¾-14⅛ | 9¾-10¼ | 6¾-9⅞ | 6⅛-6⅝ | 0¼-9¾ |

Asian $ (closing rates in Singapore): Short-term 7⅞-8 per cent; seven day 7⅞-8 per cent; one month 7⅞-8⅛ per cent; three months 8⅛-8¼ per cent; six months 8⅛-8½ per cent; one year 8⅞-8⅞ per cent. Long-term Eurodollars: two years 9⅛-9⅜ per cent; three years 10⅛-10⅜ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent nominal. Short-term rates are call for U.S. dollar and Japanese yen; others two days' notice.

## MONEY MARKETS

# Weak pound overshadows good M3 figure

The short end of the London interbank market remained firm yesterday, as sterling came under further pressure on the foreign exchanges, but longer term rates eased after fairly encouraging monthly UK money supply figures. The weakness of the pound appears to have put off any lowering of bank base rates, but dealers were not prepared to rule out a cut within the next few weeks if the pound shows signs of improvement. The money market was expecting M3 money supply to be flat, or perhaps show a slight fall, but the fall of ½ to ¾ per cent tended to be overshadowed by concern about sterling. Three-month interbank rose slightly to 11½-11⅝ per cent from 11⅜-11⅝ per cent, and discount houses buying rates for three-month bank bills were quoted at 11⅜-11½ per cent against 11⅜ per cent previously.

**UK clearing banks base-lending rate 11½ per cent since July 30.**

The Bank of England forecast a money market shortage of £750m, and provided total assistance of £708m, mainly through outright purchases of bank bills in all four dealing bands at unchanged rates.

Before lunch the authorities bought £136m outright, by way of £40m bank bills in band 1 (up to 14 days maturity) at 11½ per cent; £72m bank bills in band 2 (15-33 days) at 11⅜ per cent; £18m bank bills in band 3 (34-63 days) at 11½ per cent; and £6m bank bills in band 4 (64-91 days) at 11⅜ per cent.

In the afternoon another £367m bills were purchased outright, through £347m bank bills in band 2 at 11⅜ per cent, and £20m bank bills in band 3 at 11½ per cent.

Late assistance of around £205m was also provided.

Bills maturing in official bands, repayment of late assistance, and a take-up of Treasury bills drained £402m, with the unwinding of repurchase agreements absorbing £766m, and bank balances below target another £55m. These outweighed exchequer transactions adding £425m to liquidity and a fall in the note circulation of £60m.

The Bank of England announced the renewal of about £1bn in temporary help to the market. This was due to expire on August 12, but will now run until September 17. It covers up to 1 per cent of eligible liabilities, and involves sale and repurchase agreements on gilt stock and other eligible paper.

### MONEY RATES

| Aug. 6 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | 4.6-4.7 | 9¾ | 2⅞-3⅛ | 0⅛-6⅛ | 6.15625 | 14⅛-14⅞ | 5.00 | 11⅛-11½ |
| One Month | 4.85-5.00 | 9¾-6⅞ | 4⅛-4⅛ | 6-6⅛ | 6.34375 | 14⅜-14¾ | 6⅛-9⅜ | 10⅝-16⅞ |
| Two Months | 4.85-5.00 | 9⅛-9⅛ | — | — | — | — | — | 10⅛-10¾ |
| Three Months | 4.85-5.00 | 9⅛-10 | 4⅛-4⅛ | 5⅞-6 | 6.28125 | 14⅝-10 | 6⅞-9⅝ | 10⅞-10⅝ |
| Six Months | 4.90-5.05 | 9⅛-10⅛ | — | 0⅞-6 | — | — | 0⅞-9¾ | 10¼-10½ |
| Lombard | 6.0 | — | — | — | — | — | — | — |
| Intervention | — | 9⅝ | — | 6⅝ | — | — | — | — |

### LONDON MONEY RATES

**Discount Houses Deposit and Bill Rates**

| Aug. 6 1985 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 4-10 | 12-12⅛ | 11¾-12⅛ | 7-12 | — | — | — | — | — |
| 2 days notice | — | — | 11¾-11⅞ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 11⅞-12⅛ | 11⅝ | 12¼ | 11¾-12 | — | — | — | — | — |
| One month | 11¼-11⅛ | 11⅜ 11⅞ | 11¾ | 11⅞ | 11⅛ | 11⅛ | 11¼ | 11⅛-11⅛ | 11⅞ | 12 |
| Two months | 11⅛-11⅛ | 11⅞-11¼ | 11⅝ | 11⅛ | 11 | 11⅛ | 11 | 11¼ | 11⅛-11⅛ | 11⅞ |
| Three months | 11⅛-10⅛ | 11⅛-11⅛ | 11⅛ | 11⅛ | 10¾ | 11⅛ | 10⅞ | 11⅛-11⅛ | 11 | 11¾ |
| Six months | 10⅛-10⅛ | 11-11¼ | 11¼ | — | — | — | — | 10⅞ | 10⅞ | 11⅛ |
| Nine months | 10⅛-10¾ | 11⅛-11⅛ | — | — | — | — | — | — | — | — |
| One year | 10¾-10⅝ | 10⅞-11⅛ | 11 | — | — | — | — | — | — | — |

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | $ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | 12¼-12 | — | 11¾ | 7.8-7.9 | 7¾-8 | 8⅛-9⅛ |
| Two months | 12⅛ 11⅞ | — | 11⅝ | 7.85-7.95 | 7⅛-8⅛ | 8⅛-9⅛ |
| Three months | 12-11¾ | — | 11½ | 7.95-8.05 | 7⅛-8⅛ | 9-9⅛ |
| Six months | 11⅞-11⅛ | — | 11¼ | 8.2-8.3 | 8⅛-8⅛ | 9⅛-9⅛ |
| Nine months | 11⅛-11⅛ | — | 11⅛ | 8.55-8.65 | — | — |
| One year | 11¼-11 | — | 11⅛ | 8.65-8.75 | 8¼-8½ | 9⅛-9⅛ |
| Two years | — | 11 | — | — | — | — |
| Three years | — | 11 | — | — | — | — |
| Four years | — | 11 | — | — | — | — |
| Five years | — | 11 | — | — | — | — |

ECGD Fixed Finance IV: Average Rate of interest period July 3 to August 6 (inclusive): 11.269 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from August 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 10.8767 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11¼ per cent; three-six months 11 per cent; six-nine months 10¾ per cent; nine-12 months 10½ per cent. Under £100,000 10⅜ per cent from July 29. Deposits held under Series 9 10⅛ per cent. The rate for all deposits withdrawn for cash 7½ per cent.

### FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 6)

3 months U.S. dollars

| bid 8 1/8 | offer 8 1/4 |
|---|---|

6 months U.S. dollars

| bid 8 5/16 | offer 8 7/16 |
|---|---|

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK (Lunchtime)**

| | |
|---|---|
| Prime rate | 9½ |
| Broker loan rate | 8⅞-9 |
| Fed funds | 7⅞ |
| Fed funds at intervention | — |

**Treasury Bills**

| | |
|---|---|
| One month | 6.80 |
| Two month | 7.05 |
| Three month | 7.25 |
| Six month | 7.46 |
| One year | 7.61 |

**Treasury Bonds**

| | |
|---|---|
| Two year | 99⅝ |
| Three year | 100⅛ |
| Four year | [illegible] |
| Five year | [illegible] |
| Seven year | [illegible] |
| 10 year | [illegible] |
| 30 year | 104⅛ |

## FINANCIAL FUTURES

# Gilts at low

Sterling denominated contracts finished at the lowest levels of the day on the London International Financial Futures Exchange yesterday as the pound lost further ground on the foreign exchanges. September delivery gilts opened firm at 111-25, and moved higher on buying by stockjobbers. Dealers suggested that foreign buying of gilts in the cash market was supporting the contract, but this dried up in the afternoon, and the futures market fell sharply, with September gilts closing at a low of 11-14, compared with 111-23 previously.

Three-month sterling for September opened firm at 88.93, rising to 89.94 on aggressive early buying. The fall in sterling M3 money supply was encouraging, but dealers suggested the level of bank lending was disappointing, and as the pound fell on the exchanges, September short sterling finished at a low of 88.80, against 88.89 on Monday.

U.S. Treasury bond features ended firmer on the day, but below the best on nervousness ahead of the record $21.75bn U.S. Treasury refunding programme, which began last night with the auction of three-year notes. Nervousness and profit-taking ahead of the auction brought September bonds back to 75-09 at the close, from a peak of 75-15, and an opening of 75-08, compared with the previous finish of 74-24. Eurodollars were less affected by auction nerves.

### LONDON

**THREE-MONTH EURODOLLAR $1m points of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 91.73 | 91.74 | 91.68 | 91.64 |
| Dec | 91.25 | 91.25 | 91.19 | 91.14 |
| March | 90.82 | 90.82 | 90.75 | 90.72 |
| June | 90.43 | 90.42 | 90.37 | 90.32 |
| Sept | 90.07 | 90.04 | 90.04 | 89.96 |

Est. volume 4,142 (2,114)
Previous day's open int. 20,149 (20,152)

**THREE-MONTH STERLING £500,000 points of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 88.80 | 88.94 | 88.80 | 88.89 |
| Dec | 89.42 | 89.50 | 89.41 | 89.47 |
| March | 89.58 | 89.68 | 89.55 | 89.61 |
| June | 89.82 | — | — | 89.91 |
| Sept | 89.52 | 89.57 | 89.57 | 89.60 |

Est. volume 2,181 (964)
Previous day's open int. 6,806 (6,782)

**20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 111-14 | 112-03 | 111-14 | 111-23 |
| Dec | 111-17 | — | — | 111-26 |
| March | 112-01 | — | — | 112-10 |

Est. volume 2,535 (1,706)
Previous day's open int. 3,925 (3,930)
Basis quote (clean cash price of 13½% Treasury 2004-08 equivalent price of near futures contract) 18 to 0 (32nds)

**STERLING £25,000 $ per £**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 1.3416 | 1.3665 | 1.3380 | 1.3630 |
| Dec | 1.3310 | 1.3630 | 1.3328 | 1.3536 |
| March | 1.255 | — | — | 1.3480 |

Est. volume 204 (1,675)
Previous day's open int. 3,012 (2,989)

**DEUTSCHE MARKS DM 125,000 $ per DM**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 0.3518 | 0.3547 | 0.3512 | 0.3561 |
| Dec | 0.3551 | — | — | 0.3584 |

Est. volume 37 (105)
Previous day's open int. 261 (249)

**SWISS FRANCS SwFr 125,000 $ per SwFr**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 0.4250 | 0.4310 | 0.4250 | 0.4325 |

Est. Volume 3 (2)
Previous day's open int. 188 (188)

**JAPANESE YEN Y12.5m $ per Y100**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 0.4199 | 0.4218 | 0.4199 | 0.4219 |
| Dec | 0.4222 | — | — | 0.4243 |

Est. Volume 9 (5)
Previous day's open int. 172 (169)

**FT-SE 100 INDEX £25 per full index point**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 128.65 | 128.86 | 127.05 | 127.15 |
| Dec | 129.16 | 128.80 | 127.85 | 127.76 |

Est. Volume 318 (175)
Previous day's open int. 1,477 (1,518)

**U.S. TREASURY BONDS 8% $100,000 32nds of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 75-09 | 75-15 | 75-08 | 74-24 |
| Dec | 74-08 | 74-14 | 74-09 | 73-22 |
| March | 73-08 | 73-18 | 73-16 | 72-22 |

Est. Volume 1,691 (1,569)
Previous day's open int. 2,894 (2,880)

### CHICAGO

**U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 75-09 | 75-15 | 75-08 | 75-04 |
| Dec | 74-04 | 74-12 | 74-03 | 74-01 |
| March | 73-05 | 73-12 | 73-05 | 73-01 |
| June | 72-09 | 72-12 | 72-09 | 72-04 |
| Sept | 71-14 | 71-11 | 71-14 | 71-08 |
| Dec | 70-22 | 70-26 | 70-22 | 70-16 |
| March | — | — | — | 69-26 |
| June | 69-12 | 69-12 | 69-12 | 69-06 |
| Sept | — | — | — | — |
| Dec | — | — | — | 68-00 |
| March | — | — | — | 67-16 |

**U.S. TREASURY BILLS (IMM) $1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 92.70 | 92.73 | 92.70 | 92.66 |
| Dec | 92.34 | 92.36 | 92.32 | 92.28 |
| March | 91.98 | 91.98 | 91.97 | 91.91 |
| June | 91.64 | 91.64 | 91.63 | 91.57 |
| Sept | 91.32 | 91.32 | 91.32 | 91.26 |
| Dec | 91.00 | 91.03 | 91.00 | 90.99 |
| March | — | 90.77 | — | 90.73 |
| June | 89.05 | 89.09 | 89.05 | 89.97 |

**CERT. DEPOSIT (IMM) $1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 92.04 | 92.06 | 92.04 | 91.96 |
| Dec | 91.56 | 91.58 | 91.52 | 91.47 |
| March | — | 91.12 | — | 91.01 |
| June | — | 90.72 | — | 90.61 |

**THREE-MONTH EURODOLLAR (IMM) $1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 91.71 | 91.74 | 91.70 | 91.64 |
| Dec | 91.21 | 91.24 | 91.18 | 91.13 |
| March | 90.79 | 90.80 | 90.77 | 90.69 |
| June | 90.39 | 90.40 | 90.36 | 90.28 |
| Sept | 90.03 | 90.03 | 90.03 | 89.91 |
| Dec | 89.68 | 89.69 | 89.67 | 89.57 |
| March | 89.37 | 89.38 | 89.37 | 89.26 |
| June | — | 90.51 | — | 90.47 |

**STERLING (IMM) $s per £**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 1.3400 | 1.3470 | 1.3370 | 1.3660 |
| Dec | 1.3295 | 1.3390 | 1.3260 | 1.3575 |
| March | 1.3260 | 1.3280 | 1.3230 | 1.3515 |
| June | — | — | — | 1.3485 |
| Sept | — | — | — | 1.2505 |

**GNMA (CBT) 8% $100,000 32nds of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Sept | 74-15 | 74-19 | 74-10 | 74-09 |
| Dec | 73-26 | 74-00 | 73-25 | 73-21 |
| March | — | — | — | — |
| June | — | — | — | 72-13 |
| Sept | — | — | — | 71-28 |

### LIFFE OPTIONS REPORT

**Sterling Currency**—£25,000 c per £. Better volume as sterling was being sold in the cash due to dollar's rise.

| Est volume Calls | Est volume Puts | Previous day's open interest Calls | Previous day's open interest Puts |
|---|---|---|---|
| 592 | 588 | 3230 | 5414 |

**Eurodollar Futures**—points of 100%. Both options and futures registered moderate volumes as eurodollar deposit rates remained unchanged in quiet business.

| Est volume Calls | Est volume Puts | Previous day's open interest Calls | Previous day's open interest Puts |
|---|---|---|---|
| 100 | 60 | 700 | 816 |

For full details of settlement prices call: Louise Powell at LIFFE on 01-623 0444.
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# London Clearing Banks' balances

## as at July 17 1985

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

**TABLE 1.**

**AGGREGATE BALANCES**

| LIABILITIES | Total outstanding £m | £m | Change on month £m | £m |
|---|---|---|---|---|
| Sterling deposits: | | | | |
| UK monetary sector | 19,772 | | − 219 | |
| UK private sector | 63,603 | | + 920 | |
| UK public sector | 1,421 | | − 71 | |
| Overseas residents | 11,323 | | + 166 | |
| Certificates of deposit | 5,967 | 102,087 | + 601 | +1,395 |
| of which: Sight | | 38,815 | | +1,756 |
| Time (inc. CD's) | | 63,272 | | − 360 |
| Foreign currency deposits: | | | | |
| UK monetary sector | 13,755 | | + 114 | |
| Other UK residents | 4,354 | | − 343 | |
| Overseas residents | 39,354 | | −3,562 | |
| Certificates of deposit | 5,359 | 62,823 | − 706 | −4,498 |
| Total deposits | | 164,911 | | −3,103 |
| Other liabilities[n] | | 24,937 | | −3,121 |
| TOTAL LIABILITIES | | 189,847 | | −6,224 |
| **ASSETS** | | | | |
| Sterling | | | | |
| Cash and balances with Bank of England | | 1,645 | | + 200 |
| Market loans: | | | | |
| Discount houses | 2,804 | | −1,984 | |
| Other UK monetary sector | 18,106 | | − 914 | |
| UK monetary sector CD's | 2,707 | | + 187 | |
| Local authorities | 699 | | − 22 | |
| Other | 1,985 | 26,300 | − 111 | −2,843 |

| | Total outstanding £m | £m | Change on month £m | £m |
|---|---|---|---|---|
| Bills: | | | | |
| Treasury bills | 208 | | + 34 | |
| Other bills | 1,950 | 2,158 | − 17 | + 17 |
| Special deposits with Bank of England | | — | | — |
| Investments: | | | | |
| British Government stocks | 2,341 | | − 586 | |
| Other | 2,784 | 5,125 | + 22 | − 564 |
| Advances: | | | | |
| UK private sector | 69,807 | | +1,557 | |
| UK public sector | 354 | | + 38 | |
| Overseas residents | 2,661 | 72,823 | − 342 | +1,253 |
| Other sterling assets[n] | | 10,739 | | − 290 |
| Foreign currencies | | | | |
| Market loans: | | | | |
| UK monetary sector | 15,863 | | − 121 | |
| Certificates of deposit | 720 | | − 129 | |
| Other | 26,973 | 43,556 | −1,947 | −2,197 |
| Bills | | 256 | | + 16 |
| Advances: | | | | |
| UK private sector | 5,679 | | − 451 | |
| UK public sector | 932 | | − 84 | |
| Overseas residents | 14,832 | 21,443 | −1,460 | −1,995 |
| Other foreign currency assets[n] | | 5,802 | | + 180 |
| TOTAL ASSETS | | 189,847 | | −6,224 |
| Acceptances | | 3,722 | | − 300 |
| Eligible liabilities | | 75,514 | | − 5 |

[n] Includes items in suspense and in transit.

**TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES**

| | TOTAL Out-standing £m | TOTAL Change on month £m | BARCLAYS Out-standing £m | BARCLAYS Change on month £m | LLOYDS Out-standing £m | LLOYDS Change on month £m | MIDLAND Out-standing £m | MIDLAND Change on month £m | NATIONAL WESTMINSTER Out-standing £m | NATIONAL WESTMINSTER Change on month £m | WILLIAMS & GLYN'S Out-standing £m | WILLIAMS & GLYN'S Change on month £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | | | | | | |
| Total deposits | 164,911 | −3,103 | 40,744 | −1,384 | 33,040 | +286 | 30,415 | − 704 | 55,761 | −1,248 | 4,951 | − 53 |
| **ASSETS** | | | | | | | | | | | | |
| Cash and balances with Bank of England | 1,645 | + 200 | 499 | + 39 | 329 | + 81 | 277 | + 24 | 481 | + 54 | 58 | + 2 |
| Market loans: | | | | | | | | | | | | |
| UK monetary sector | 36,771 | −3,018 | 6,791 | − 336 | 6,863 | +579 | 3,935 | −3,629 | 18,197 | + 260 | 984 | +107 |
| Other | 33,085 | −2,021 | 8,594 | − 455 | 7,333 | −177 | 6,311 | −1,026 | 9,895 | − 214 | 952 | −149 |
| Bills | 2,415 | + 33 | 848 | + 121 | 693 | −141 | 403 | + 23 | 459 | + 33 | 11 | − 3 |
| British Government stocks | 2,341 | − 586 | 549 | − 189 | 706 | − 6 | 514 | − 168 | 491 | − 218 | 81 | − 5 |
| Advances | 94,266 | − 743 | 26,012 | + 234 | 18,310 | −260 | 18,182 | − 294 | 28,740 | − 415 | 3,022 | − 4 |

**TABLE 3.**

| INDIVIDUAL GROUPS OF BANKS | TOTAL | | BARCLAYS | | LLOYDS | | MIDLAND | | NATIONAL WESTMINSTER | | WILLIAMS & GLYN'S | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ELIGIBLE LIABILITIES | 75,514 | − 5 | 21,550 | + 197 | 15,457 | − 32 | 13,183 | − 225 | 22,890 | + 76 | 2,430 | − 1 |

VIGOROUS

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# LONDON SHARE SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

### Five to Fifteen Years

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |
| 1... | 109¾ | Treas 13¼pc 1993‡‡ | 117½ | +¼ | 12.03 | 11.05 |
| 1... | 111¼ | Treas 14½pc 1994‡‡ | 118⅝xd | +¼ | 12.12 | 10.93 |
| 1... | 108¾ | Exch 13½pc 1994 | 116¼ | +¼ | 11.95 | 11.12 |
| 1... | 100¼ | Exch. 12½pc 1994 | 107½xd | +¼ | 11.57 | 11.08 |
| 93¾ | 86¼ | Treas 9pc 1994‡‡ | 92½ | ... | 9.96 | 10.64 |
| 108⅞ | 98⅞ | Treas 12pc 1995 | 106 | +¼ | 11.37 | 11.02 |
| 71¼ | 62¾ | Gas 3pc '90-95 | 70½ | +¼ | 4.30 | 7.45 |
| 98¼ | 89⅝ | Exch. 10¼pc 1995 | 96⅝ | +¼ | 10.66 | 10.89 |
| 114⅝ | 106¼ | Treas 12¾pc 1995‡‡ | 113⅜ | +¼ | 11.52 | 10.97 |
| 121¼ | 110¼ | Treas. 14pc '96 | 118 | +¼ | 11.93 | 11.13 |
| 94⅞ | 84½ | Treas 9pc 1992-96‡‡ | 93¼ | +¼ | 10.04 | 10.64 |
| 131 | 121¼ | Treas 15¼pc 1996‡‡ | 129⅝ | +¼ | 12.14 | 11.09 |
| 118⅞ | 110¼ | Exch 13¼pc 1996‡‡ | 117½ | +¼ | 11.58 | 10.92 |
| 77¼ | 68½ | Redemption 3pc 1986-96 | 76¼ | +¼ | 3.96 | 6.02 |
| 118⅞ | 108¼ | Treas 13¼pc 1997‡‡ | 115⅞ | +¼ | 11.53 | 10.92 |
| 102⅞ | 90½ | Exch 10½pc 1997 | 97⅝xd | ... | 10.71 | 10.80 |
| 91⅞ | 80½ | Treas 8¾pc 1997‡‡ | 86⅞xd | +¼ | 10.00 | 10.62 |
| 131 | 120⅝ | Exch. 15pc 1997 | 129½ | +¼ | 11.97 | 11.14 |
| 96 | 87⅞ | Exch. 9¾pc 1998 | 94⅞ | +¼ | 10.41 | 10.68 |
| 70 | 70⅞ | Treas 6¾pc 1995-98‡‡ | 77 | +¼ | 8.98 | 10.28 |
| 137½ | 122⅞ | Treas. 15½pc '98‡‡ | 135⅞ | ... | 11.89 | 11.05 |
| 112⅞ | 103¼ | Exch. 12pc 1998 | 110¼ | +¼ | 11.10 | 10.81 |
| 95¼ | 86⅝ | Treas 9½pc 1999‡‡ | 93½ | +¼ | 10.23 | 10.49 |
| 116¼ | 103⅞ | Exch. 12¼pc 1999 | 114¼ | +¼ | 11.11 | 10.79 |
| 102½ | 94¼ | Treas. 10½pc 1999 | 101 | ..... | 10.64 | 10.67 |
| 100½ | 92⅞ | Conversion 10¼pc 1999 | 99⅝ | +¼ | 10.57 | 10.65 |
| 119⅝ | 109⅝ | Treas. 13pc 2000 | 117¼ | +¼ | 11.18 | 10.78 |

### Over Fifteen Years

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 125 | 115⅝ | Treas. 14pc '98-01 | 123½ | +¼ | 11.61 | 10.96 |
| 97¼ | 92 | Conversion 9¾pc 2001 | 94¾xd | +¼ | 10.28 | 10.42 |
| 111¼ | 102 | Exch. 12pc '99-02 | 109¼ | +¼ | 11.05 | 10.77 |
| 101⅛ | 92¼ | Conversion 10pc 2002 | 97⅞ | +¼ | 10.35 | 10.42 |
| 124¾ | 114⅝ | Treas. 13¾pc 2000-03 | 122¼ | +¼ | 11.30 | 10.80 |
| 113¾ | 101⅞ | Treas. 11½pc 2001-04 | 111¼ | +¼ | 10.72 | 10.53 |
| 99⅞ | 95½ | Treas. 10pc 2004 | 98¼ | +¼ | 10.29 | 10.35 |
| 50⅝ | 46⅞ | Funding 3½pc '99-04 | 50⅝ | +¼ | 6.95 | 9.00 |
| 97¼ | 89⅞ | Conversion 9½pc 2004 | 96 | +¼ | 10.18 | 10.30 |
| 108 | 94½ | Exch 10½pc 2005 | 106¼ | +¼ | 10.35 | 10.32 |
| 120¼ | 111¼ | Treas. 12½pc 2003-05 | 118¼ | +¼ | 10.77 | 10.49 |
| 85¾ | 79 | Treas. 8pc 2002-06‡‡ | 84⅝ | +¼ | 9.77 | 10.08 |
| 113⅞ | 103¾ | Treas. 11¾pc 2003-07 | 110½ | +¼ | 10.68 | 10.48 |
| 130¼ | 117½ | Treas. 13½pc '04-08 | 128¼ | +¼ | 10.90 | 10.55 |
| 63⅞ | 57¼ | Treas. 5½pc 2008-12‡‡ | 59¼xd | +¼ | 9.13 | 9.67 |
| 81¼ | 75¼ | Treas. 7¾pc 2012-15‡‡ | 80¼ | +¼ | 9.67 | 9.82 |
| 121 | 112 | Exch. 12pc '13-'17 | 119¼ | +¼ | 10.22 | 10.12 |

### Undated

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 40¼ | 37½ | Consols 4pc | 39⅞ | ..... | 10.11 | — |
| 36¼ | 33¼ | War Loan 3½pc‡‡ | 35⅞ | –¼ | 10.00 | — |
| 45½ | 41¼ | Conv. 3½pc '61 Aft. | 45¼ | ..... | 7.95 | — |
| 31 | 28¼ | Treas. 3pc '66 Aft. | 30¼ | ..... | 10.09 | — |
| 25⅞ | 23½ | Consols 2½pc | 25¼ | –¼ | 10.04 | — |
| 26¼ | 23¾ | Treas. 2½pc | 25¼ | ..... | 10.05 | — |

### Index-Linked

| 1985 High | Low | Stock | (b) | Price £ | + or – | (1) | (2) |
|---|---|---|---|---|---|---|---|
| 114¾ | 105¼ | Treas. 2pc '88 | (297.1) | 114⅝ | +¼ | 3.83 | 5.06 |
| 99 | 91½ | Do. 2pc '90 | (333.9) | 98⅝ | +¼ | 3.90 | 4.64 |
| 114⅝ | 108½ | Do. 2pc '96 | (267.9) | 112¾ | +¼ | 3.80 | 4.12 |
| 103½ | 98 | Do. 2½pc '01 | (308.8) | 100¾ | ..... | 3.63 | 3.87 |
| 103½ | 96¾ | Do. 2½pc '03 | (310.7) | 99⅞ | ..... | 3.57 | 3.80 |
| 106¾ | 99⅞ | Do. 2pc '06 | (274.1) | 102½ | ..... | 3.44 | 3.63 |
| 103¾ | 96¼ | Do. 2½pc '09 | (310.7) | 99 | –¼ | 3.38 | 3.56 |
| 107⅞ | 101 | Do. 2½pc '11 | (294.1) | 103⅝ | ..... | 3.34 | 3.51 |
| 90⅞ | 85¼ | Do. 2½pc '13 | (351.9) | 86⅝xd | ..... | 3.30 | 3.46 |
| 98⅞ | 91¼ | Do. 2½pc '16 | (322.0) | 94⅞xd | ..... | 3.27 | 3.42 |
| 97⅞ | 91 | Do. 2½pc '20 | (327.3) | 93½ | ..... | 3.22 | 3.36 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for November 1984: 358.8 and for June 1985: 376.4.

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| [illegible] | 89½ | African Dv Bk 11¼Ln 2010 | 98¼ | +¼ | 11.43 | 11.44 |
| [illegible] | 85¾ | Asian Dev Bk 10¼pcLn2009 | 96½ | +¼ | 11.07 | 11.14 |
| 122⅞ | 109⅞ | Australia 13½pc 2010 | 119¼xd | –¼ | 11.36 | 11.22 |
| [illegible] | 95⅞ | Do. 11½pcLn2015 | 105¼ | –¼ | 11.09 | 11.07 |
| [illegible] | 92¾ | Euro Inv Bk 11pc Ln 2002 | 104 | +¼ | 11.01 | 11.00 |
| [illegible] | 89 | Do. 10¾pc2004 | 97 | +¼ | 11.02 | 11.02 |
| [illegible] | 101½ | Finland 14½pc Ln 1986 | 102½ | ..... | 14.15 | 10.63 |
| 112⅞ | 100⅞ | Int-Am Dev Bk 12½pc 2003 | 110¼xd | ..... | 11.42 | 11.24 |
| 92 | 80¼ | Do. 9¼pcLn 2015 | 91¼ | ..... | 11.05 | 11.10 |
| [illegible] | 100¼ | Int. Bank 13½pc 1986 | 103¼ | ..... | 13.25 | 10.89 |
| [illegible] | 101⅞ | Do. 14pcLn 1987 | 104⅝ | ..... | 13.35 | 10.81 |
| [illegible] | 97 | Mlysia 12¼pcLn '88 | 102¾xd | –¼ | 11.92 | 11.09 |
| [illegible] | 103 | Mex 16½pc 2008 | 105¼xd | ..... | 15.50 | 13.87 |
| 107 | 102½ | NZ 14¼pc 1987 | 105⅝xd | ..... | 12.46 | 10.83 |
| [illegible] | 92¼ | Do. 11¼pc 2008 | 102¼ | +¼ | 11.34 | 11.33 |
| [illegible] | 93½ | Do 11½pc 2014 | 105¼ | +¼ | 11.40 | 11.38 |
| [illegible] | 100⅞ | Sweden 13½pc 1986 | 103⅝ | ..... | 12.26 | 10.19 |
| [illegible] | 106¼ | Sweden 13¼pc Ln 2010 | 117½xd | +¼ | 11.55 | 11.42 |
| [illegible] | 90¼ | Do 11pc Ln 2012 | 98¼xd | +¼ | 11.28 | 11.28 |

## CORPORATION LOANS

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 100¼ | 97⅞ | Bath 11¼pc 1985 | 99⅞ | ..... | 11.28 | 11.72 |
| 108⅞ | 104½ | Birmingham 13½pc 1989 | 107¼ | +¼ | 11.53 | 11.13 |
| 104¼ | 100⅞ | Burnley 13pc 1987 | 103½ | ..... | 12.61 | 11.10 |
| 100½ | 96¼ | Cardiff 11pc 1986 | 100 | ..... | 11.05 | 11.30 |
| 81¼ | 72½ | G.L.C. 6¾pc 1990-92 | 79xd | +½ | 8.51 | 11.27 |
| 92¼ | 87⅞ | Herts 6½pc 1985-87 | 92⅞ | ..... | 7.29 | 10.98 |
| 123¼ | 113 | Leeds 13½pc 2006 | 122¼ | +½ | 11.41 | 11.20 |
| 28½ | 25¼ | Liverpool 3½pc Irred. | 28⅞ | ..... | 12.47 | — |
| 99½ | 96 | Lon.Cpn 9¼pc 84-85 | 99½ | ..... | 9.30 | 11.98 |
| 91¼ | 85¼ | LCC 5½pc '85-87 | 91¼ | ..... | 6.03 | 10.80 |
| 84¼ | 77¼ | Do. 6¾pc '88-90 | 84¼xd | ..... | 8.03 | 10.96 |
| 26 | 23 | Do. 3pc '20 Aft. | 25 | ..... | 12.58 | — |

## COMMONWEALTH & AFRICAN LOANS

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 81¾ | 77½ | NZ 7¼pc 1988-92 | 81¼xd | –¼ | 8.99 | 11.39 |
| 97¼ | 94¼ | Do. 7½pc '83-86 | 97⅝ | +¼ | 7.76 | 11.54 |
| 192 | 170 | S Rhod 2½pc Non-Asstd | 190 | ..... | — | — |
| 99¾ | 91 | Do. 3½pc 80-85 Asstd | 99¾ | ..... | — | — |
| 72 | 62 | Do 4½pc 87-92 Asstd. | 71xd | ..... | 6.34 | 11.50 |
| 312 | 273 | Zimbabwe Ann (£100pd) | 282 | +1 | — | 12.77 |

## LOANS

### Building Societies

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 100⅛ | 98¾ | N'wide 10⅞pc 77.8.85 | 100xd | ..... | 10.88 | 11.68 |
| 100¼ | 98¼ | Do. 11¼pc 9.9.85 | 99⅞ | ..... | 11.15 | 12.10 |
| 100⅛ | 98 | Do 11pc 14.10.85 | 99¼ | ..... | 11.66 | 11.54 |
| 99⅞ | 97⅞ | Do. 10⅝pc 11.11.85 | 99⅞ | ..... | 10.67 | 11.78 |
| 99½ | 97¼ | Do. 10¼pc 9.12.85 | 99⅛ | +⅛ | 10.31 | 11.72 |
| 99⅞ | 97¼ | Do. 10⅝pc 30.12.85 | 99½ | +⅛ | 10.68 | 11.76 |
| 100¼ | 99⅛ | Do. 12pc 3/2/86 | 100¼xd | ..... | 11.99 | 11.37 |
| 100⅞ | 99¼ | Do. 12⅝pc 24/2/86 | 100⅞xd | ..... | 12.55 | 11.62 |
| 100½ | 99⅞ | Do.12⅜pc 31/3/86 | 100⅛ | +⅛ | 12.34 | 11.79 |
| 100½ | 99⅞ | Do. 12¼pc 21/4/86 | 100⅛ | +⅛ | 12.21 | 11.73 |
| 100⅝ | 99¼ | Do. 12⅜pc 12/5/86 | 100½ | +⅛ | 12.31 | 11.60 |
| 100⅞ | 100¼ | Do. 12½pc 9/6/86 | 100¼ | +⅛ | 12.41 | 11.48 |
| 100⅞ | 100 | Do. 12¼pc 30/6/86 | 100⅝ | ..... | 12.24 | 11.57 |

### Public Board and Ind.

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 81 | 74¼ | Agric. Mt. 5pc '59-89 | 81xd | ..... | 6.17 | 11.11 |
| 42 | 35 | Met. Wtr. 3pc 'B' | 42 | ..... | 7.34 | 10.34 |

### Financial

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 103¼ | 98½ | Inv in Ind 10½pcUn.Ln.'86 | 100xd | ..... | 10.58 | 12.20 |
| 102½ | 98 | Do 11pc Uns Ln '88 | 100½xd | ..... | 11.09 | 11.30 |
| 104 | 98½ | Do. 11¼pc Uns.Ln. '90 | 103xd | ..... | 11.50 | 11.10 |
| 82 | 77½ | Do 7¼pcAD69-92 | 80¼xd | ..... | 9.15 | 12.10 |
| 109 | 99½ | Do. 12½pc Un. Ln. 1992 | 109 | ..... | 11.97 | 11.60 |
| 80½ | 74½ | Do. 7¼pcA '91-94 | 80½ | ..... | 9.01 | 11.10 |
| 91½ | 82½ | Do. 9pcA '91-94 | 90½ | ..... | 10.35 | 11.20 |
| 88½ | 79¼ | Do. 8¾pcLn '92-97 | 82xd | ..... | 10.49 | 10.80 |

## FOREIGN BONDS & RAILS

| 1985 High | Low | Stock | Price £ | + or – | Div % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 25 | 19 | Chinese 4½pc 1898 | 20 | .. | — | — |
| 26 | 14 | Do. 5pc 1912 | 19 | ..... | — | — |
| 24 | 17 | Do. 5pc 1913 | 17 | ..... | — | — |
| 17 | 10½ | Do. 5pc '25 Boxer | 10½ | ..... | — | — |
| 62 | 58 | Greek 7pc Ass. | 58 | ..... | 3½ | 15.90 |
| 59 | 55 | Do. 6pc 28 Stb. Ass. | 56 | ..... | 3 | 15.44 |
| 56 | 52 | Do 4pc Mixed Ass. | 54 | ..... | 2 | 13.87 |
| 80½ | 67 | Hung. '24 Ass | 80 | ..... | 2.75 | 3.56 |
| 132 | 114 | Hydro Quebec 15pc 2011 | 130½ | ..... | 15 | 11.59 |
| 85 | 82 | Iceland 6½pc '83-88 | 85 | ..... | 6½ | 12.30 |
| 125 | 104½ | Do 14½pc Ln 2016 | 120½xd | –½ | 14.5 | 11.99 |
| 94 | 84½ | Ireland 9¾pc '91-96 | 93½ | –½ | — | 11.42 |
| 95½ | 82 | Japan 6% '83-88 | 85 | .. | 6 | 11.84 |
| 161 | 161 | [illegible] Ass. 2007 | 161 | ..... | 5.22 | 9.82 |
| $92 | $92 | Turin 9pc 1991 | $92 | ..... | 9 | 12.00 |

## AMERICANS

| 1985 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 47⅞ | 34¼ | Abbott Labs | 43⅛ | +¼ | $1.40 | — | 2.5 |
| 29⅝ | 20⅝ | Ahmanson (H.F.) | 22¼ | +¼ | $1.20 | — | 3.8 |
| 35⅞ | 23¼ | Alcoa $1 | 25⅞xd | | $1.20 | — | 3.3 |
| 19⅛ | 987p | Allegheny & W. $0.01 | 15 | | $1.40 | — | 6.7 |
| 37¼ | 27¼ | Allied Corp $1 | 32⅞xd | | $1.80 | — | 3.9 |
| 17⅞ | 946p | Amax $1 | 11⅛ | –¼ | 20c | — | 1.3 |
| 16 | 823p | Amdahl 5c | 18⅛xd | | 20c | — | 1.4 |
| 51¾ | 36⅞ | Amer. Cyanamid $5 | 40¼ | +1 | $1.90 | — | 3.4 |
| [illegible] | | | | | | | |

## AMERICANS—Cont.

| 1985 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

## CANADIANS

| 1985 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

## BANKS, HP & LEASING

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

### Hire Purchase, Leasing, etc.

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## BEERS, WINES & SPIRITS

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## BUILDING, TIMBER, ROADS

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## BUILDING, TIMBER, ROADS—Cont.

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## CHEMICALS, PLASTICS

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## DRAPERY AND STORES

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## DRAPERY & STORES—Cont.

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## ELECTRICALS

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## ENGINEERING

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## ENGINEERING—Continued

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## FOOD, GROCERIES, ETC

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## HOTELS AND CATERERS

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## HOTELS—Continued

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## INDUSTRIALS (Miscel.)

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

six weeks in plas... great movie ... wrong ... nths of rehabili... ... knowing

## INDUSTRIALS—Continued

## LEISURE—Continued

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING, ADVERTISING

## INSURANCES

## LEISURE

## PROPERTY

## PROPERTY—Continued

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## INVESTMENT TRUSTS—Cont.

### Finance, Land, etc

## FINANCE, LAND—Cont.

## OIL AND GAS

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm Oil

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

## MINES—Continued

### O.F.S.

### Diamond and Platinum

### Central African

### Finance

### Australians

### Tins

### Miscellaneous

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable.
- ▲ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | | | | |
|---|---|---|---|---|---|
| Albany Inv 20p | 96 | ... | Arnott | 180 | |
| Craig & Rose £1 | 700 | | CPI Hldgs | 56 | |
| Finlay Pkg. 5p | 62 | | Carroll Inds | 143 | |
| Higsons Brew | 235 | | Dublin Gas | 70 | -2 |
| Holt (Jos) 25p | 720 | | Hall (R & H.) | 55 | -1 |
| IoM Stm. £1 | 185 | | Heiton Hldgs | 19 | +1 |
| IRISH | | | Irish Ropes | 48 | |
| Fund 11¾% 1988 | £101⅛ | | Jacob (W.& R.) | 80 | |
| Nat. 9¾% 84/89 | £97⅛ | ... | Unidare | 87 | |
| Fin. 13% 97/02 | £109½ | | | | |

"Recent Issues" and "Rights" Page 28
(International Edition Page 26)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

# LONDON STOCK EXCHANGE

MARKET REPORT

# Equity leaders rebound strongly as pound comes under renewed selling pressure

**Account Dealing Dates**

**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| July 29 | Aug 8 | Aug 9 | Aug 19 |
| Aug 12 | Aug 29 | Aug 30 | Sept 9 |
| Sept 2 | Sept 12 | Sept 13 | Sept 23 |

* "New-time" dealings may take place from 8.30 am two business days earlier.

Equity leaders rebound strongly as pound comes under renewed selling pressure

Leading equities rebounded strongly in London yesterday and many recovered the losses sustained over the two previous sessions. Currency influences were entirely responsible for the market's change of heart, although a busier and brighter trading session was capped by news of more favourable UK money supply trends.

In the opening business, there was little indication of the events to follow. After Wall Street's drab performance overnight, top-quality industrials looked set to further their recent fall. Sterling initially held steady against the dollar but continued to lose ground against European currencies.

Around mid-morning, however, the pound came under heavier pressure in foreign exchange markets as operators sold to cover short dollar positions. Reports that the selling was provoked by the increased possibility of a cut in UK base rates were dismissed by forex traders. The rate fell two cents rather quickly and this immediately reversed the downward trend in equity markets.

Widespread institutional demand was unleashed and with smaller investors also wanting to participate, values surged higher. Engineerings were the outstanding sector and scored sizeable gains in front of trading statements from leader GKN today and TI on Thursday. Stocks with overseas earnings potential flourished, too, and the FT Ordinary share index regained an early loss to stand 11.7 up just before the 2.30pm announcement of the July banking statistics.

The fall of between 0.5 and 0.75 in sterling M3 was broadly in line with City estimates, but the market maintained its upward momentum to close a net 12.2 higher on the day at 956.1.

Hopes that the excessive rate of UK monetary growth had slackened outweighed the adverse influences of a lower pound on Gilt-edged securities. Longer-dated issues moved up ½ following revived buying but after confirmation of the money supply statistics slipped back to close marginally better on balance. Reflecting the diminishing chance of an immediate cut in base lending rates, the shorts similarly retreated and eased a fraction easier.

## Lloyds Brokers rise

The dollar's revival was a tonic for Lloyds Brokers which moved up sharply throughout the list. Derek Bryant rose 15 to 300p as did Steel Burrill, to 365p, while Stewart Wrightson added 13 at 595p and Willis Faber the same amount at 655p. Sedgwick improved 8 to 375p and PWS International 10 to 270p. Life issues drew encouragement from the better-than-expected second-quarter new life business figures. Prudential and Legal and General firmed 7 and 5 respectively to the common level of 670p.

Interest in the banking sector was at a low ebb. Lloyds, still responding to comment on the half-year figures, moved up 7 more to 405p, after 407p, while NatWest rallied 5 at 635p. Allied Irish, at 135p, retrieved 10 of the previous day's decline of 13 which followed news that First it holds a near-43 per cent stake, had terminated merger talks with a larger bank holding company. Bank of Ireland recovered 10 to 345p in sympathy.

U.S. oil group Lysander Petroleum staged a satisfactory market debut; the shares opened at the placing price of 65p and moved up to 70p.

Proceedings in the drinks sector again centred on the Arthur Bell/Guinness situation. Bell hardened to 243p following details of its defence document, but later slipped back to 240p, unchanged on the session in the wake of the expected disparaging retort from Guinness, finally 6 dearer at 259p. A revised higher offer, possibly a one-for-one share exchange, is expected shortly.

Minor closing movements in either direction tended to disguise a lively two-way business among the Building leaders. AMEC were frequently traded and moved between 276p and 273p prior to closing a penny dearer on balance at 275p. George Wimpey were also active and firmed 2 to 131p. Elsewhere Milbury firmed 3 to 38p awaiting the outcome of negotiations which could lead to the sale of St Piran's 78.7 per cent stake in the company. Gleeson rose 8 more to 238p in a restricted market, while the recent property acquisition continued to boost Manders, up 3 more at 200p. Housebuilders Galliford firmed 4 to 83p and French Kier, in which Trafalgar House holds a 14.9 per cent stake, hardened a couple of pence to 191p. Among Timbers, Meyer International improved 3 to 139p and Magnet and Southerns 8 to 140p.

ICI came under early pressure following reports that the group was facing strong competition in the U.S. for its Inderal heart drug and dipped to 660p before rallying strongly on currency influences to close only 3 cheaper on balance at 674p. Other Chemicals remained selectively firm.

## J. T. Parrish up again

Burton, successful bidders for Debenhams, encountered sporadic profit-taking and closed 10 lower at 455p. The latter's shares not assented to the bid fell 7 to 326p, unimpressed by news that House of Fraser has lifted its stake in Debenhams to 26.1 per cent. Secondary stores again provided a number of noteworthy features. Buyers returned for takeover candidate Owen Owen, up another 25 to a 1985 high of 300p. Expansion prospects following news of the near-30 per cent stake built up by Spedly Securities and associates prompted increased support for J. T. Parrish which spurted 35 for a two-day advance of 90 at 410p. Our Price returned to favour with a rise of 20 to 560p, while Liberty hardened 10 more to 730p. Sumrie Clothes, on the other hand, remained nervous ahead of Friday's annual meeting and closed 2 cheaper at 34p, after 32p.

Several firm features emerged among secondary Electricals. Cass Group advanced 35 to 170p on news of the bid approach, while Unitech gained 17 to 232p in response to the impressive annual profits. Microfocus recovered 35 further to 240p and Tunstall Telecom closed 15 higher at 225p. Demand ahead of the results, due early next month, helped VG Instruments put on 14 at 280p, while Volex moved up 5 to 210p in the wake of the chairman's encouraging statement at the annual general meeting. Rotaflex encountered speculative support at 163p, up 10, while improvements of 10 and 15 respectively were seen in Oxford Instruments, 265p, Eurotherm, 320p. Applied Holographics were quoted ex-the rights issue at 190p, up 14, with the nil-paid shares opening at 83p premium and progressing to 95p premium. Among the irregular leaders, STC regained composure after reassuring Press comment to finish 4 dearer at 100p, after 102p, ahead of Friday's interim statement; the shares fell 10 on Monday following a Press forecast that the group will announce a £10m first-half deficit. GEC moved up 4 to 188p and British Telecom hardened 2 to 194p.

The Engineering sector was in the van of the market's advance. Optimism about today's interim results from GKN also helped sentiment and the latter ended the session 9 to the good at 200p. Hawker advanced 10 to 383p as did Vickers to 263p. TI jumped 12 to 339p following revived speculative buying amid suggestions that Everest was attempting to add to its 12.5 per cent stake prior to launching a full-scale offer for TI worth over £4 per share. Currency influences particularly favoured Babcock International, which rose 9 to 114p, while Davy Corporation, at 106p, and Delta, at 142p, firmed 6 apiece. Rotork added 9 to 114p in response to the favourable interim results and Glynwed drew strength from comment on the half-year figures with a fresh gain of 7 to 199p. Renewed demand in a thin market lifted TACE 35 to 505p and the new nil-paid shares 42 to 80p premium. Bifurcare moved up 9 to 105p and Laird improved 5 to 165p.

Recently-overlooked Tate and Lyle revived strongly and closed 10 higher at the day's best of 440p, while Hazlewood rose 23 to 618p reflecting the successful rights issues.

Grand Metropolitan attracted buyers initially and moved up to 312p before reacting to close 5 lower on the day at 300p on unconfirmed reports that its U.S. subsidiary had lost a contract to competitor Brown and Williamson.

## Beecham easier

Against the firm trend of the miscellaneous industrial leaders, Beecham cheapened 5 to 338p, after 336p, following a broker's downgraded profits forecast. Glaxo, however, encouraged by the depreciating pound, firmed ½ to £13¼. BTR improved 7 to 330p, as did Rank Organisation, to 392p. Elsewhere, Bowater advanced 8 to 311p on revived hopes of a bid from Hanson Trust, 3 lower at 202p. LRC, supported up to 150p at one stage on continuing bid speculation, reacted after-hours' on the board's denial of any approaches and settled 4 better on balance at 143p. Jardine Securities advanced 9½ to 128½ on rumours that the company is on the verge of selling its stake in Hong Kong Land, 3 up at 63p. Extel rose 10 to 320p, as did Powell Duffryn, to 280p.

Reports that package holiday firms were experiencing an upturn in business due to the inclement UK climate prompted support for Intasun, 7 higher at 130p, Saga, 3 better at 170p, and Owners Abroad, a penny up at 21p.

Reports of record office lettings in Central London gave a fresh boost to the Property leaders. Land Securities rose 4 to 294p, as did MEPC, to 276p. Hammerson A moved up 15 to 460p and Slough Estates 3 to 142p. Estate agents continued to attract buyers ahead of Bairstow Eves' interim results, due on August 15. Bairstow added 3 more at 91p, while Mann and Co., and Connells, 146p, gained 6 apiece.

Shippings were selectively firm. P & O Deferred attracted steady support and closed 15 higher at 378p. Recovery prospects continued to bolster Lyle which hardened 3 more to 151p with the preferred 1½ up at 16p.

Textiles displayed a couple of noteworthy features. David Dixon gained 11 to 185p in reply to the good annual results, while Carpets International put on 5 to 59½p reflecting revived takeover hopes following "call" option business.

## Oils improve

Oils took a distinct turn for the better reflecting currency influences and hopes connected with the forthcoming Britoil sale. British Petroleum and Shell both attracted a reasonable amount of buying interest and rose 12 apiece to 540p and 700p respectively; the latter's interim results are due tomorrow. Ultramar moved up 8 to 216p and Lasmo rose 15 to 260p. Britoil touched 223p prior to closing a net 3 up at 220p. Elsewhere, Falcon Resources, at 70p, regained Monday's fall of 7.

## Gold Fields rally

South African mining markets remained extremely nervous over the current political climate in the Republic. As on Monday, international operators appeared content to mark time awaiting further developments regarding the State of Emergency and the strike called for August 25 by the all-black National Union of Mineworkers.

As a result noteworthy share price movements in bullion terms were few and most issues closed a shade easier for choice. Quotations in sterling, in contrast, often displayed sizeable losses following the pound's weakness against the dollar. Losses among top-quality Golds extended to over a point with Randfontein 1½ lower at £58½. Kloof shed a full point to £20½, while smaller losses were noted in President Brand, £12½ and Driefontein, £13½. The FT Gold Mines Index, calculated in sterling terms, fell 11.1 to 298.1.

## FINANCIAL TIMES STOCK INDICES

| | Aug. 6 | Aug. 5 | Aug. 2 | Aug. 1 | July 31 | July 30 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 82.95 | 82.90 | 82.95 | 82.91 | 83.45 | 83.87 | 78.52 |
| Fixed Interest | 88.29 | 88.34 | 88.29 | 88.49 | 88.50 | 88.74 | 81.66 |
| Ordinary | 956.1 | 943.9 | 951.1 | 953.9 | 943.1 | 936.0 | 830.5 |
| Gold Mines | 298.1 | 309.2 | 318.7 | 310.9 | 330.3 | 333.9 | 521.0 |
| Ord. Div. Yield | 4.89 | 4.93 | 4.91 | 4.88 | 4.93 | 4.98 | 4.98 |
| Earnings, Yld. % (full) | 12.08 | 12.11 | 12.06 | 11.97 | 12.18 | 12.29 | 11.57 |
| P/E Ratio (net) (*) | 10.21 | 10.19 | 10.22 | 10.30 | 10.12 | 10.02 | 10.43 |
| Total bargains (Est.) | 19,717 | 18,514 | 21,003 | 24,263 | 20,918 | 20,225 | 19,120 |
| Equity turnover £m. | — | 636.26 | 423.98 | 473.33 | 332.73 | 664.46 | 346.37 |
| Equity bargains | — | 10,235 | 16,722 | 17,372 | 10,510 | 22,066 | 14,675 |
| Shares traded (mil) | — | 154.0 | 198.2 | 212.3 | 172.0 | 181.9 | 116.5 |

10 am 942.2. 11 am 945.2. Noon 954.4. 1 pm 954.7. 2 pm 955.7. 3 pm 955.8. 4 pm 956.7.

Day's High 957.2. Day's Low 941.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=3.83.

## HIGHS AND LOWS / S.E. ACTIVITY INDICES

| | 1985 High | 1985 Low | Since Compilat'n High | Since Compilat'n Low | | Aug. 5 | Aug. 2 |
|---|---|---|---|---|---|---|---|
| | | | | | Daily Gilt Edged | | |
| Govt. Secs. | 83.87 (30/7) | 78.02 (28/1) | 127.4 (9/1/35) | 49.18 (3/1/75) | Bargains | 130.9 | 134.8 |
| | | | | | Equities | | |
| Fixed Int. | 88.74 (30/7) | 82.17 (28/1) | 130.4 (28/11/47) | 50.53 (3/1/75) | Bargains | 92.7 | 108.4 |
| | | | | | Value | 972.7 | 257.0 |
| | | | | | 5 day Average Gilt Edged | | |
| Ordinary | 1024.5 (22/1) | 911.0 (25/7) | 1024.5 (22/1/85) | 49.4 (26/6/40) | Bargains | 107.4 | 157.9 |
| | | | | | Equities | | |
| Gold Mines | 536.9 (15/4) | 298.1 (6/8) | 734.7 (15/2/83) | 43.5 (26/10/71) | Bargains | 115.0 | 107.2 |
| | | | | | Value | 780.5 | 782.7 |

## NEW HIGHS AND LOWS FOR 1985

### NEW HIGHS (44)

AMERICANS (1) · BREWERS (2) · BUILDINGS (2) · STORES (5) · ELECTRICALS (1) · ENGINEERING (1) · FOODS (2) · INDUSTRIALS (8) · INSURANCE (1) · NEWSPAPERS (1) · PAPER (1) · PROPERTY (5) · SHIPPING (1) · TRUSTS (3) · OILS (1) · OVERSEAS TRADERS (2) · PLANTATIONS (1) · MINES (2)

### NEW LOWS (55)

ELECTRICALS (2) · ENGINEERING (1) · HOTELS (1) · INDUSTRIALS (5) · LEISURE (2) · SOUTH AFRICANS (1) · TRUSTS (1) · PAPER (1) · OILS (1) · OVERSEAS TRADERS (1) · MINES (37)

## MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Mon. close | Day's change |
|---|---|---|---|
| Debenhams | 26 | 333 | +7 |
| Burton | 18 | 465 | +3 |
| Celtic Haven | 15 | 104 | -4 |
| Harris Queensway | 14 | 270 | -4 |
| Habitat M'care | 13 | 412 | +10 |
| ICI | 13 | 677 | -10 |
| [illegible] | 12 | 173 | -10 |
| Gr. Aerospace | 12 | 306 | -8 |
| TI | 12 | 327 | -3 |
| STC | 11 | 323 | -12 |
| Cons. Gold Flds. | 11 | 405 | -12 |
| BAT Inds. | 11 | 306 | -10 |
| Cable & Wiress | 10 | 625 | -10 |
| LRC Intl. | 10 | 139 | +4 |

† Partly-paid.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 61 | 14 | 32 |
| Corpns. Dom. and Foreign Bonds | 19 | 6 | 53 |
| Industrials | 389 | 149 | 894 |
| Financial and Prop. | 146 | 47 | 365 |
| Oils | 27 | 24 | 76 |
| Plantations | 2 | 0 | 12 |
| Mines | 29 | 73 | 77 |
| Others | 80 | 18 | 149 |
| Totals | 752 | 331 | 1,700 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Aug 19 | Sept 6 | Nov 21 | Dec 2 |
| Sept 9 | Sept 20 | Dec 5 | Dec 16 |
| Aug 5 | Aug 16 | Nov 7 | Nov 18 |

For rate indications see end of Share Information Service

Call options were taken out in Carpets International, Boots, STC, Raglan Property Trust, United Biscuits, Southwest Resources, Bryson, Fobel International, Thorn EMI, Hawley and Zandpan. No puts or doubles were reported.

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change |
|---|---|---|
| Babcock Intl. | 137 | +8 |
| DRG | 159 | +5 |
| Fisons | 348 | +5 |
| Glynwed Intl. | 199 | +7 |
| GKN | 200 | +9 |
| Guinness | 259 | +6 |
| LRC Intl. | 143 | +4 |
| Shell Transport | 700 | +12 |
| TACE (nil-paid) | 80pm | +42 |
| Unitech | 232 | +17 |
| Vickers | 263 | +10 |
| Willis Faber | 655 | +13 |

## RECENT ISSUES

### EQUITIES

### FIXED INTEREST STOCKS

### RIGHTS OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ■ Introduction. ✱ Unlisted Securities Market. † Placing price. ‡‡ Dealt in under Rule 535 (3). ♦ Dealt in under Rule 535 (4) (a).

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Tue Aug 6 1985)

Figures in parentheses show number of stocks per section

| | Equity groups & sub-sections |
|---|---|
| 1 | CAPITAL GOODS (206) |
| 2 | Building Materials (22) |
| 3 | Contracting, Construction (29) |
| 4 | Electricals (14) |
| 5 | Electronics (38) |
| 6 | Mechanical Engineering (62) |
| 8 | Metals and Metal Forming (7) |
| 9 | Motors (16) |
| 10 | Other Industrial Materials (18) |
| 21 | CONSUMER GROUP (176) |
| 22 | Brewers and Distillers (24) |
| 25 | Food Manufacturing (21) |
| 26 | Food Retailing (14) |
| 27 | Health and Household Products (9) |
| 29 | Leisure (22) |
| 31 | Newspapers, Publishing (12) |
| 32 | Packaging and Paper (14) |
| 34 | Stores (41) |
| 35 | Textiles (16) |
| 36 | Tobacco (3) |
| 41 | OTHER GROUPS (101) |
| 42 | Chemicals (19) |
| 44 | Office Equipment (4) |
| 45 | Shipping and Transport (12) |
| 46 | Miscellaneous (64) |
| 48 | Telephone Networks (2) |
| 49 | INDUSTRIAL GROUP (483) |
| 51 | Oils (17) |
| 59 | 500 SHARE INDEX (500) |
| 61 | FINANCIAL GROUP (115) |
| 62 | Banks (6) |
| 65 | Insurance (Life) (9) |
| 66 | Insurance (Composite) (7) |
| 67 | Insurance (Brokers) (7) |
| 68 | Merchant Banks (11) |
| 69 | Property (50) |
| 70 | Other Financial (25) |
| 71 | Investment Trusts (106) |
| 81 | Mining Finance (3) |
| 91 | Overseas Traders (14) |
| 99 | ALL-SHARE INDEX (736) |
| | FT-SE 100 SHARE INDEX |

### FIXED INTEREST

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 27,944

A=Ask B=Bid C=Call P=Put

## LONDON TRADED OPTIONS

Aug. 6 Total Contracts 7,676. Calls 4,894. Puts 2,782

*Underlying security price

# WORLD STOCK MARKETS

## AUSTRIA

| Aug. 6 | Price Sch% | + or — |
|---|---|---|
| Creditanstalt | 332 | —6 |
| Goesser | 614 | +9 |
| Interunfall | 1,329 | —30 |
| Laenderbank | 335 | +1 |
| Perlmooser | 368 | +19 |
| Steyr-Daimler | 175 | ..... |
| Veitscher Mag | 535 | +0 |

## BELGIUM/LUXEMBOURG

| Aug. 6 | Price Frs. | + or — |
|---|---|---|
| B.B.L. | 2,025 | —80 |
| Banq. Geo Lux | 6,900 | ..... |
| Banq. Int. A. Lux | 6,580 | ..... |
| Bekaert B | 6,440 | ..... |
| Ciment CBR | 2,240 | +36 |
| Cockerill | 917 | —2 |
| Delhaize | 7,750 | —50 |
| EBES | 2,850 | —26 |
| Electrobel | 6,450 | +10 |
| Fabrique Nat | 1,215 | ..... |
| GB Inno BM | 3,620 | +5 |
| GBL (Brux) | 1,880 | +39 |
| Gevaert | 3,960 | —90 |
| Hoboken | 5,510 | —80 |
| Intercom | 2,205 | +16 |
| Kredietbank | 8,860 | +80 |
| Pan Hldgs. | 10,300 | ..... |
| Petrofina | 6,660 | —40 |
| Royale Belge | 12,000 | —25 |
| Soc. Gen. Banq | 3,355 | +10 |
| Soc. Gen. Belge | 1,765 | +19 |
| Sofina | 7,200 | +50 |
| Solvay | 4,400 | +19 |
| Stanwick Intl | 1,400 | ..... |
| Tractionel | 6,750 | +50 |
| UCB | 4,960 | —20 |
| Wagon Lits | 2,995 | —15 |

## DENMARK

| Aug. 6 | Price Knr % | + or — |
|---|---|---|
| Andelsbanken | 343 | +9 |
| Baltic Skand | 725 | +0 |
| CopHandelsbank | 330 | ..... |
| D. Sukkerfab | 506 | —0 |
| Danske Bank | 679 | +1 |
| De Danske Luft | 1,235 | ..... |
| East Asiatic | 244 | +0 |
| Forenede Brygg | 959 | ..... |
| Forenede Damp | 168 | +1 |
| GNT Hldg | 488 | +10 |
| I.S.S.B. | 485 | +10 |
| Jyske Bank | 785 | +3 |
| Novo Inds | 1,270 | +10 |
| Privatbanken | 341 | +6 |
| Provinsbanken | 289 | ..... |
| Smidth (F.L.) | 285 | —6 |
| Sophus Berend | 2,105 | +19 |
| Superfos | 484 | —46 |

## FRANCE

| Aug. 6 | Price Frs. | + or — |
|---|---|---|
| Emprunt 4½% 1973 | 1,619 | —8 |
| Emprunt 7% 1973 | 8,150 | —30 |
| Accor | 270 | ..... |
| Air Liquide | 589 | +5 |
| BIC | 486 | —8 |
| Bongrain | 1,773 | +3 |
| Bouygues | 795 | —5 |
| BSN Gervais | 2,185 | —15 |
| CIT-Alcatel | 1,300 | —8 |
| Carrefour | 2,518 | +6 |
| Club Mediter'n | 529 | —1 |
| Cie Bancaire | 588 | ..... |
| Cofimeg | 287 | —0.1 |
| Damart | 1,697 | —25 |
| Darty | 1,410 | —8 |
| Dumez S.A. | 782 | —3 |
| Eaux (Cie Gen) | 631 | +1 |
| Elf-Aquitaine | 198 | —3 |
| Essilor | 2,345 | —25 |
| Gen. Occidentale | 726 | —1 |
| Imetal | 95.7 | +1.7 |
| Lafarge Coppee | 532 | —1 |
| L'Oreal | 2,356 | —16 |
| Legrand | 2,160 | +35 |
| Maisons Phenix | 199 | —2.3 |
| Matra S.A. | 1,612 | +11 |
| Michelin B | 1,159 | +39 |
| Midi (Cie) | 2,940 | +95 |
| Moet-Hennessy | 1,810 | +9 |
| Moulinex | 85.5 | +1.1 |
| Nord Est | 94 | ..... |
| Pernod Ricard | 689 | —9 |
| Perrier | 494 | +15 |
| Petroles Fra | 231 | +1 |
| Peugeot S.A. | 361 | +13.5 |
| Printemps Au | 366 | +3.5 |
| Radiotech | 298 | +9 |
| Redoute | 1,579 | —23 |
| Roussel-Uclaf | 1,552 | +26 |
| Sefimeg | 344 | —6 |
| Skis Rossignol | 1,385 | +6 |
| Telemec Elect | 2,465 | +27 |
| Thomson CSF | 626 | +9 |
| Valeo | 819 | +4 |

## GERMANY

| Aug. 6 | Price Dm. | + or — |
|---|---|---|
| AEG-Telef | 129 | —1.5 |
| Allianz Vers | 1,410 | +5 |
| BASF | 216.3 | +1.3 |
| Bayer | 218 | +2.3 |
| Bayer-Hypo | 352 | +1 |
| Bayer-Verein | 395 | +5 |
| BHF-Bank | 315 | +2 |
| BMW | 423.5 | +1.4 |
| Brown Boveri | 365.5 | +1.3 |
| Commerzbank | 219.5 | —1.8 |
| Cont'l. Gummi | 150 | —2 |
| Daimler-Benz | 855.5 | —6.5 |
| Degussa | 380 | +1 |
| D'sche Babcock | 187.5 | ..... |
| Deutsche Bank | 549.3 | —0.5 |
| Dresdner Bank | 267.3 | —2.5 |
| GHH | 174.5 | —2.6 |
| Hochtief | 540 | —1 |
| Hoechst | 218 | +2.6 |
| Hoesch Werke | 112.7 | +0.7 |
| Holzmann (P) | 442 | —3 |
| Horten | 184 | +3 |
| Hussel | 380 | —5.0 |
| Karstadt | 365.5 | +2.9 |
| Kaufhof | 258 | +7 |
| KHD | 287.1 | +6.5 |
| Kloeckner | 81 | +9.8 |
| Linde | 485.5 | +0.5 |
| Lufthansa | 214 | +2.5 |
| MAN | 165 | +2 |
| Mannesmann | 180 | +1.7 |
| Mercedes Hld | 778 | +4 |
| Metallgesell | 333 | ..... |
| Muench Rueck | 1,780 | +55 |
| Nixdorf | 537 | —0.5 |
| Porsche | 1,293 | —1 |
| Preussag | 265.2 | +2.5 |
| Rhein West Elect | 182.5 | ..... |
| Rosenthal | 250 | ..... |
| Schering | 466 | +1 |
| Siemens | 548 | +1 |
| Thyssen | 133 | —0.5 |
| Varta | 217 | ..... |
| Veba | 225.2 | +2 |
| V.E.W. | 137 | +1 |
| Verein-West | 338 | +2 |
| Volkswagen | 307.5 | +0.5 |

## ITALY

| Aug. 6 | Price Lira | + or — |
|---|---|---|
| Banco Com'le | 23,900 | +180 |
| Bastogi-IRBS | 225 | ..... |
| B-Invest | 5,180 | +730 |
| Centrale | 3,295 | +35 |
| Credito Varesino | 4,650 | +40 |
| Fiat | 4,349 | +49 |
| Finsider | ..... | ..... |
| Generali Assicur | 67,000 | +910 |
| Italcementi | 49,900 | +200 |
| La Rinascente | 861 | ..... |
| Montedison | 2,125 | +40 |
| Olivetti | 6,800 | +0 |
| Pirelli Co | 5,500 | +119 |
| Pirelli Spa | 3,090 | +19 |
| Saipem | 2,070 | +3 |
| Snia BPD | 3,420 | —81 |
| Toro Assic | 17,900 | —90 |
| do Pref | 12,050 | +150 |

## NETHERLANDS

| Aug. 6 | Price Fls | + or — |
|---|---|---|
| ACF Holding | 236 | —2 |
| AEGON | 99.9 | —0.2 |
| Ahold | 239.9 | +0.0 |
| AKZO | 121.6 | —6.1 |
| ABN | 501 | +1 |
| AMEV | 287.5 | ..... |
| AMRO | 88.0 | +1.6 |
| Bredero Cert | 163 | +8 |
| Bos Kalis Westm | 18.9 | ..... |
| Buehrmann-Tet | 101.8 | +9.3 |
| Calland Hlds | 36.5 | +0.1 |
| Dordtsche Pet'm | 174.2 | +1.2 |
| Elsevier NDU | 126.6 | —0.1 |
| Fokker | 78.5 | —3 |
| Gist Brocades | 216.5 | +1 |
| Heineken | 131.9 | —0.1 |
| Hoogovens | 58.3 | +1 |
| Int Mueller | 65.7 | +1.7 |
| KLM | 51.8 | —0.7 |
| Naarden | 49.5 | —0.2 |
| Nat Ned Cert | 74.5 | —0.8 |
| Ned Mid Bank | 210.5 | +9.6 |
| Nedlloyd | ..... | ..... |
| Oce Grinten | 342.5 | +1.3 |
| Ommeren (Van) | 29 | —0.1 |
| Pakhoed | 69.9 | —0.5 |
| Philips | 47 | —0.1 |
| Robeco | 78.6 | +0.2 |
| Rodamco | 133.5 | +9.5 |
| Rolinco | 69.5 | +0.6 |
| Rorento | 49.2 | +0.1 |
| Royal Dutch | 195.8 | +3.6 |
| Unilever | 344 | +0.6 |
| VMF Stork | 150 | —0.5 |
| VNU | 208 | —0.8 |
| Wessanen | 178.5 | —0.1 |
| West Utr Bank | 99.7 | —0.1 |

## NORWAY

| Aug. 6 | Price Kroner | + or — |
|---|---|---|
| Bergens Bank | 144.5 | +0.5 |
| Borregaard | 417 | ..... |
| Christiania Bank | 148 | —4 |
| DenNorske Credit | 146 | ..... |
| Elkem | 130 | —3.5 |
| Kosmos | 353 | +2 |
| Kvaerner | 155.5 | +0.8 |
| Norsk Data | 255 | —4 |
| Norsk Hydro | 119.5 | +9.6 |
| Storebrand | 280 | —1 |

## SPAIN

| Aug. 6 | Price Pts% | + or — |
|---|---|---|
| Bco Bilbao | 349 | ..... |
| Bco Central | 316 | ..... |
| Bco Exterior | 201 | ..... |
| Bco Hispano | 142 | ..... |
| Bco Popular | 275 | ..... |
| Bco Santander | 240 | ..... |
| Bco Vizcaya | 348 | —13 |
| Dragados | 136.5 | ..... |
| Hidrola | 74.2 | —0.9 |
| Iberduero | 60.7 | +0.2 |
| Petroleos | 127 | +0.5 |
| Telefonica | 118 | +0.3 |

## SWEDEN

| Aug. 6 | Price Kronor | + or — |
|---|---|---|
| AGA | 318 | —9 |
| Alfa-Laval B | 371 | —4 |
| ASEA (Free) | 446 | ..... |
| Astra (Free) | 442 | ..... |
| Atlas Copco | 113 | ..... |
| Cardo (Free) | 250 | —2 |
| Cellulosa | 231 | ..... |
| Electrolux B | 290 | ..... |
| Ericsson B | 247 | +0 |
| Esselte | 360 | ..... |
| Mo och Domsjo | 170 | —8 |
| Pharmacia | 206 | —3 |
| Saab Scania Free | 400 | ..... |
| Sandvik | 690 | —19 |
| Skandia | 330 | ..... |
| Skan Enskilda | 00 | +1.6 |
| SKF | 950 | —1 |
| St Kopparbergs | 150 | ..... |
| Sonesson | 155 | —1 |
| Sven Handlesbn | 177 | —1 |
| Swedish Match | 198 | —1 |
| Volvo B (Free) | 264 | +6 |

## SWITZERLAND

| Aug. 6 | Price Frs. | + or — |
|---|---|---|
| Adia Intl | 3,385 | —16 |
| Alusuisse | 790 | —9 |
| Bank Leu | 3,700 | —10 |
| Brown Boveri | 1,650 | ..... |
| Ciba Geigy | 3,310 | +60 |
| do. (Part Certs) | 2,520 | —19 |
| Credit Suisse | 2,960 | ..... |
| Elektrowatt | 3,170 | ..... |
| Fischer(Geo.) | 910 | +19 |
| Hoff-Roche PtCts | 93,625 | —125 |
| Hoff-Roche 1/10 | 9,370 | —100 |
| Jacobs Suchard | 6,625 | —25 |
| Jelmoli | 2,600 | ..... |
| Landis & Gyr | 1,900 | +19 |
| Nestle | 6,595 | —15 |
| Oer-Buehrle | 1,500 | ..... |
| Pirelli | 352 | —8 |
| Sandoz (Br) | 8,850 | —50 |
| Sandoz (PtCts) | 1,350 | —20 |
| Schindler (PtCts) | 840 | —19 |
| Sika | 1,340 | —20 |
| Surveillance A | 6,850 | ..... |
| Swissair | 1,390 | +19 |
| Swiss Bank | 466 | —2 |
| Swiss Reinsce | 16,000 | ..... |
| Swiss Volksbk | 1,730 | —10 |
| Union Bank | 4,290 | —19 |
| Winterthur | 4,260 | ..... |
| Zurich Ins | 6,450 | +50 |

## AUSTRALIA

| Aug. 6 | Price Aust $ | + or — |
|---|---|---|
| ANZ Group | 5.16 | —0.06 |
| Alliance Oil Dev. | 1.06 | ..... |
| Ampol Pet | 2.08 | +0.02 |
| Ashton | 1.18 | ..... |
| Aust. Cons. Ind | 2.73 | ..... |
| Aust. Guarantee | 2.9 | ..... |
| Aust. Nat. Inds | 2.72 | —0.04 |
| APM | 2.92 | ..... |
| Bell Group | 7.9 | —0.1 |
| Bell Res | 0.90 | ..... |
| Bond Corp Hldgs | 1.54 | —0.01 |
| Boral | 3.52 | —0.03 |
| Bougainville | 1.98 | —0.04 |
| Brambles Inds | 5.98 | —0.02 |
| Bridge Oil | 2.54 | +0.04 |
| B.H. Prop | 6.74 | —0.04 |
| CRA | 5.66 | —0.02 |
| CSR | 3.80 | ..... |
| CastlemaineTys | 7.54 | ..... |
| Coles (G.J.) | 6.85 | ..... |
| Comalco "A" | 2.00 | ..... |
| Consolidated Pet | 9.34 | +0.04 |
| Costain Aust | 1.5 | ..... |
| Dunlop Olympic | 2.55 | ..... |
| Elders IXL | 6.17 | +9.01 |
| Energ Res | 1.66 | —0.01 |

## AUSTRALIA (continued)

| Aug. 6 | Price Aust.$ | + or — |
|---|---|---|
| Gen. Prop. Trust | 2.15 | ..... |
| Hardie (James) | 5.2 | —0.02 |
| Hartogen Energy | 2.25xc | ..... |
| Herald W'yTimes | 4.8 | —0.1 |
| ICI Aust | 2.07 | +0.02 |
| Jimberlana F.P. | 0.24 | ..... |
| Kia Ora Gold | 9.16 | ..... |
| Lend Lease | 7.00 | ..... |
| MIM | 2.68 | —0.02 |
| Mayne Nickless | 3.13 | ..... |
| Myer Emporium | 6.20 | ..... |
| Nat. Aust. Bank | 4.45 | —0.11 |
| News | 6.4 | —0.06 |
| Nicholas Kiwi | 2.0 | ..... |
| North Bkn Hill | 2.32 | +0.04 |
| Oakbridge | 1.14 | —0.01 |
| Pancontinental | 9 | +0.02 |
| Pioneer Conc | 1.86 | ..... |
| Poseidon | 4.38 | ..... |
| Queensland Coal | 1.80 | ..... |
| Reckitt & Colman | 3.2 | ..... |
| Repco | 1.31 | —0.01 |
| Santos | 6.96 | —0.04 |
| Smith (Howard) | 6.12 | +0.1 |
| Thos. Natwide | 2.25 | —0.05 |
| Tooth | 5.9 | —0.1 |
| Valmgas | 4.16 | —0.02 |
| Western Mining | 4.20 | ..... |
| Westpac Bank | 4.81 | —0.03 |
| Woodside Petrol | 1.5 | —0.03 |
| Woolworths | 3.36 | +0.01 |
| Wormald Intl | 4.00 | ..... |

## HONG KONG

| Aug. 6 | Price H.K.$ | + or — |
|---|---|---|
| Bank East Asia | 23.2 | +9.2 |
| Cheung Kong | 18.2 | +0.5 |
| China Light | 16.3 | +0.5 |
| Evergo | 0.85 | +9.04 |
| Hang Seng Bank | 48.0 | +1 |
| Henderson Land | 2.10 | ..... |
| HK China Gas | 11.00 | ..... |
| HK Electric | 9.85 | +0.2 |
| HK Kowloon Wh. | 0.8 | +9.1 |
| HK Land | 6.65 | +0.1 |
| HK Shanghai BK. | 7.85 | ..... |
| HK Telephone | 9.8xc | +0.1 |
| Hutchison Wpa | 26.0 | +0.4 |
| Intnl. City | 0.96 | +0.01 |
| Jardine Math | 13.3 | +9.0 |
| New World Dev | 7.75 | +0.2 |
| Orient O'seas | 2.13 | ..... |
| SHK Props | 13.1 | +0.3 |
| Shell Elect | 1.07 | ..... |
| Swire Pac A | 26.2 | +0.4 |
| TV—B | 7.9 | +0.1 |
| World Int. Hldgs. | 9.6 | +0.08 |

## JAPAN

| Aug. 6 | Price Yen | + or — |
|---|---|---|
| Ajinomoto | 1,140 | —20 |
| Alps Electric | 1,419 | +20 |
| Amada | 798 | +17 |
| Asahi Chem | 885 | —11 |
| Asahi Glass | 820 | —3 |
| Bridgestone | 640 | ..... |
| Canon | 974 | +26 |
| Casio Comp | 1,620 | +60 |
| Chugai Pharm | 975 | —9 |
| Citizen | 408 | +6 |
| Daiei | 683 | —7 |
| Dai Nippon Ptg | 1,060 | +10 |
| Daiwa House | 735 | —16 |
| Ebara | 442 | —8 |
| Eisai | 1,400 | —19 |
| Fanuc | 7,890 | +300 |
| Fuji Bank | 1,650 | —60 |
| Fuji Film | 1,940 | +40 |
| Fujisawa | 846 | —14 |
| Fujitsu | 987 | +3 |
| Green Cross | 2,190 | —30 |
| Hasegawa | 509 | +9 |
| Heiwa Real Est | 814 | +0 |
| Hitachi | 730 | +9 |
| Hitachi Credit | 1,080 | —30 |
| Honda | 1,420 | +30 |
| House Food | 749 | —2 |
| Hoya | 1,820 | +40 |
| Itoh (C) | 428 | —4 |
| Ito. Yokado | 2,760 | +19 |
| Iwatsu | 885 | +40 |
| JACCS | 350 | +5 |
| JAL | 7,460 | —130 |
| Jusco | 846 | +1 |
| Kajima | 408 | —1 |
| Kao Soap | 806 | —13 |
| Kashiyama | 720 | —20 |
| Kirin | 685 | —19 |
| Kokuyo | 920 | —20 |
| Komatsu | 497 | —10 |
| Konishiroku | 879 | +22 |
| Kubota | 348 | ..... |
| Kumagai | 748 | +9 |
| Kyocera | 3,940 | +150 |
| Maeda Const | 920 | —30 |
| Makino Milling | 880 | +9 |
| Makita | 978 | +25 |
| Marubeni | 365 | —5 |
| Marudai | 643 | +3 |
| Marui | 1,329 | —10 |
| MEI | 1,329 | +19 |
| M'ta Elec Works | 919 | +5 |
| M'bishi Bank | 1,580 | —10 |
| M'bishi | 013 | —5 |
| M'bishi Elect | 366 | +40 |
| M'bishi Estate | 841 | —12 |

## JAPAN (continued)

| Aug. 6 | Price Yen | + or — |
|---|---|---|
| MHI | 321 | —7 |
| Mitsui | 428 | —19 |
| Mitsui Estate | 777 | —16 |
| Mitsukoshi | 598 | —19 |
| NGK Insulators | 784 | +4 |
| Nihon Cement | 319 | +4 |
| Nippon Denso | 1,390 | +19 |
| Nippon Elect | 970 | —31 |
| Nippon Express | 470 | —7 |
| Nippon Gakki | 1,319 | +139 |
| Nippon Kokan | 147 | —3 |
| Nippon Oil | 843 | —2 |
| Nippon Seiko | 460 | —1 |
| Nippon Shimpan | 640 | —18 |
| Nippon Steel | 170 | —1 |
| Nippon Suisan | 380 | —3 |
| NTV | 10,400 | ..... |
| Nippon Yusen | 506 | —3 |
| Nissan Motor | 620 | —1 |
| Nisshin Flour | 494 | —3 |
| Nisshin Steel | 170 | ..... |
| Nomura | 1,180 | —19 |
| Olympus | 1,070 | +70 |
| Orient Leasing | 2,680 | —20 |
| Pioneer | 1,880 | +60 |
| Renown | 759 | —83 |
| Ricoh | 890 | +42 |
| Sankyo | 1,130 | —90 |
| Sanyo Elect | 413 | ..... |
| Sapporo | 460 | —30 |
| Sekisui Prefab | 746 | —0 |
| Seven-Eleven | 8,100 | —50 |
| Sharp | 919 | +10 |
| Shimadzu | 690 | ..... |
| Shionogi | 766 | —0 |
| Shiseido | 1,110 | +10 |
| Sony | 3,800 | +130 |
| Stanley | 771 | +55 |
| S'tomo Bank | 1,840 | —10 |
| S'tomo Elect | 730 | +19 |
| S'tomo Marine | 675 | —13 |
| S'tomo Metal | 153 | ..... |
| Taihei Dengyo | 555 | —1 |
| Taisei Corp. | 303 | —8 |
| Taisho Pharm | 1,120 | +90 |
| Takeda | 805 | —25 |
| TDK | 4,319 | +170 |
| Teijin | 450 | —19 |
| Teikoku | 650 | ..... |
| Tokio Marine | 863 | —6 |
| TBS | 880 | ..... |
| Tokyo Elect Pwr | 1,990 | —30 |
| Tokyo Gas | 217 | —0 |
| Tokyo Sanyo | 636 | +19 |
| Tokyo Style | 1,050 | ..... |
| Tokyu Corp | 454 | —8 |
| Toppan Print | 819 | +7 |
| Toray | 498 | —20 |
| Toshiba Elect | 358 | +1 |
| TOTO | 770 | ..... |
| Toyo Seikan | 1,170 | +70 |
| Toyota Motor | 1,180 | +20 |
| Victor | 1,550 | +50 |
| Wacoal | 729 | —12 |
| Yamaha | 660 | +0 |
| Yamanouchi | 3,010 | —100 |
| Yamazaki | 800 | —01 |
| Yasuda Fire | 545 | —19 |
| Yokogawa Bdge. | 649 | —21 |

## SINGAPORE

| Aug. 6 | Price $ | + or — |
|---|---|---|
| Boustead Hldgs | 1.46 | —0.01 |
| Cold Storage | 2.66 | +9.02 |
| DBS | 5.5 | ..... |
| Genting | 5.70 | —0.1 |
| Haw Par. Bros | 2.11 | ..... |
| Hong Leong Fin | 2.43 | —0.02 |
| Inchcape Bhd | 2.23 | ..... |
| Keppel Shipyard | 1.17 | —0.02 |
| Malay Banking | 5.7 | —0.15 |
| Malay Utd. Ind | 2.35 | +0.01 |
| Multi Purpose | 0.63 | —9.01 |
| OCBC | 8.25 | —0.05 |
| SUE | 2.7 | —0.01 |
| Public Bank | 1.39 | —0.01 |
| Sime Darby | 1.87 | —0.05 |
| Singapore Press | 5.6 | ..... |
| Straits Trdg | 3.24xe | —0.08 |
| Tat Lee Bk | 9.45 | +0.31 |
| UOB | 3.68 | ..... |

## SOUTH AFRICA

| Aug. 6 | Price Rand | + or — |
|---|---|---|
| Abercom | 1.6 | —0.5 |
| AE&CI | 7.8 | ..... |
| Allied Tech | 60.5 | +0.6 |
| Anglo Am Coal | 50 | ..... |
| Anglo Am Corp | 26.25 | +9.25 |
| Anglo Am Gold | 187 | —1 |
| BarclaysBank | 17.75 | ..... |
| Barlow Rand | 19.4 | —9.05 |
| Buffels | 62 | +2 |
| CNA Gallo | 2.6 | ..... |
| Currie Finance | 6.85 | —0.05 |
| De Beers | 10.05 | —0.05 |
| Driefontein | 40.0 | +9.25 |
| FS Geduld | 40.5 | ..... |
| Gold Fields SA | 26.15 | +0.18 |
| Highveld Steel | 4.5 | ..... |
| Nedbank | 13.5 | —0.1 |
| OK Bazaars | 13 | —0.25 |
| Protea Hldgs | 2.2 | —0.05 |
| Rembrandt | 38.9 | ..... |
| Rust Plat | 15.75 | +0.25 |
| Safren | 13.25 | —0.25 |
| Sage Hldgs | 9.5 | ..... |
| SA Brews | 7.25 | +0.05 |
| Smith (CG) | 82 | —2 |
| Tongaat Huletts | 6.45 | —9.05 |
| Unisec | 5.65 | ..... |

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

# Indices

## NEW YORK—DOW JONES

| | Aug 6 | Aug 5 | Aug 2 | Aug 1 | July 31 | July 30 | 1985 High | 1985 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 1,334.57* | 1,346.89 | 1,353.05 | 1,355.62 | 1,347.45 | 1,346.10 | 1359.54 (19/7) | 1184.96 (4/1) | 1359.54 (19/7/85) | 41.22 (2/7/32) |
| Transport | 688.96* | 694.83 | 699.44 | 700.13 | 692.88 | 692.12 | 702.6 (17/7) | 553.03 (4/1) | 702.69 (17/7/85) | 12.32 (8/7/32) |
| Utilities | 156.18* | 155.31 | 156.85 | 156.96 | 157.86 | 156.75 | 158.91 (12/7) | 146.54 (4/1) | 158.91 (12/7/85) | 10.5 (28/4/42) |
| Trading vol | | 78.6m | 97.9m | 121.4m | 124.1m | 102.2m | — | — | — | — |

| | July 26 | July 12 | July 12 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind Div Yield % | 4.52 | 4.51 | 4.58 | 5.08 |

### STANDARD AND POORS

| | Aug 6 | Aug 5 | Aug 2 | Aug 1 | July 31 | July 30 | 1985 High | 1985 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 211.80* | 212.48 | 213.16 | 213.72 | 212.52 | 211.54 | 215.83 (19/7) | 188.24 (4/1) | 215.83 (19/7/85) | 3.62 (30/6/32) |
| Composite | 189.12* | 190.62 | 191.48 | 192.11 | 190.92 | 190.93 | 195.65 (17/7) | 163.68 (4/1) | 195.65 (17/7/85) | 4.40 (1/6/32) |

| | July 24 | July 17 | July 10 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind div yield % | 3.86 | 3.82 | 3.69 | 4.34 |
| Ind. P/E Ratio | 12.87 | 12.28 | 11.99 | 10.51 |
| Long Gov Bond Yield | 10.64 | 10.38 | 10.26 | 12.87 |

### N.Y.S.E. ALL COMMON

| Aug 6 | Aug 5 | Aug 2 | Aug 1 | 1985 High | 1985 Low |
|---|---|---|---|---|---|
| 110.83* | 110.27 | 111.18 | | 113.49 (17/7) | 94.60 (4/1) |

### RISES AND FALLS

| | Aug 6 | Aug 2 | Aug 1 |
|---|---|---|---|
| Issues traded | 2,007 | 1,965 | 2,011 |
| Rises | 444 | 868 | 1,040 |
| Falls | 1,149 | 618 | 548 |
| Unchanged | 414 | 479 | 423 |

### New York Active Stocks

| | Stocks Traded | 3.00p.m. Price | Change on Day |
|---|---|---|---|
| BankAmer | 3,097,500 | 15⅝ | −1 |
| Ethyl Corp | 2,785,200 | 23½ | + ⅝ |
| TWA | 2,039,700 | 22⅛ | − ½ |
| Beatrice Co | 1,971,200 | 33 | + ¾ |
| MGM Film | 1,874,300 | 23⅝ | +1 |
| Pan Am Corp | 1,538,100 | 7 | unch |
| Chrysler | 1,083,200 | 35⅝ | −1 |
| Santa Fe | 1,001,700 | 32½ | − ⅜ |
| Mid-So Util | 927,300 | 11⅞ | − ½ |
| East Air | 897,500 | 11⅜ | − ⅜ |

Advances 418 Declines 1,104

### TORONTO

| | Aug 6 | Aug 5 | Aug 2 | Aug 1 | 1985 High | 1985 Low |
|---|---|---|---|---|---|---|
| Metals & Minls | 2,084.4* | closed | (u) | 2,104.8 | 2198.7 (13/2) | 1896.0 (4/1) |
| Composite | 2,781.2* | closed | 2,738.20 | 2,744.9 | 2804.6 (26/7) | 2348.5 (8/1) |
| MONTREAL Portfolio | 136.84* | 136.97 | 137.81 | 137.54 | 139.33 (19/7) | 117.80 (4/1) |

* Indicates pre-close figure

| | August 6 | August 5 | August 2 | August 1 | 1985 High | 1985 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All ord. (1/1/80) | 837.0 | 848.8 | 838.6 | 838.6 | 840.5 (5/8) | 715.3 (7/1) |
| Metals & Mins. (1/1/80) | 541.8 | 543.4 | 538.9 | 549.8 | 583.8 (20/5) | 382.5 (7/1) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (2/1/62) | 95.10 | 94.95 | 94.60 | 94.28 | 105.73 (17/6) | 85.21 (24/1) |
| **BELGIUM** | | | | | | |
| Brussels SE (1/1/80) | 2302.34 | 2301.81 | 2305.97 | 2310.73 | 2327.23 (29/7) | 2080.7 (18/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | – | 217.44 | 215.38 | 215.03 | 218.48 (26/7) | 158.44 (8/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 218.1 | 215.8 | 215.30 | 213.3 | 233.1 (31/5) | 180.9 (3/1) |
| Ind Tendance (28/12/84) | 123.3 | 122.2 | 122.80 | 121.8 | 130.4 (31/5) | 100.1 (3/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 479.04 | 476.26 | 475.32 | u | 502.82 (5/7) | 382.38 (3/1) |
| Commerzbank (1/12/53) | 1407.7 | 1400.7 | 1397.3 | 1383.4 | 1488.2 (5/7) | 1111.0 (3/1) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 1700.93 | 1671.90 | 1685.59 | 1678.85 | 1889.85 (22/7) | 1220.74 (2/1) |
| **ITALY** | | | | | | |
| Banca Comm. Ital. (1972) | 365.59 | 362.82 | 358.39 | 355.09 | 382.92 (5/8) | 228.58 (2/1) |
| **JAPAN**** | | | | | | |
| Nikkei-Dow (16/5/49) | 12437.28 | 12450.82 | 12525.98 | 12538.34 | 13040.10 (8/7) | 11545.2 (5/1) |
| Tokyo SE New (4/1/68) | 1008.12 | 1010.48 | 1016.93 | 1016.60 | 1055.31 (8/7) | 316.93 (4/1) |
| **NETHERLANDS** | | | | | | |
| ANP-CBS General (1970) | 218.5 | 218.0 | 218.8 | 217.7 | 220.9 (8/7) | 185.8 (3/1) |
| ANP-CBS Indust (1970) | 188.3 | 188.0 | 187.7 | 188.0 | 188.3 (8/8) | 147.3 (3/1) |
| **NORWAY** | | | | | | |
| Oslo SE (4/1/83) | 347.27 | 348.95 | 348.95 | 347.82 | 349.95 (5/8) | 288.18 (2/1) |
| **SINGAPORE** | | | | | | |
| Straits Times (1966) | 753.88 | 754.78 | 771.21 | 765.96 | 852.65 (7/3) | 717.95 (15/7) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | – | 829.3 | 861.1 | – | 1140.0 (15/4) | 838.1 (11/2) |
| JSE Indust (28/9/78) | – | 921.2 | 941.5 | – | 1030.0 (17/7) | 787.1 (7/3) |
| **SPAIN** | | | | | | |
| Madrid SE (28/12/84) | 110.46 | 110.56 | 110.98 | 111.30 | 117.41 (4/2) | 101.48 (2/1) |
| **SWEDEN** | | | | | | |
| Jacobson & P (1/1/58) | 1372.37 | 1376.19 | 138.31 | 1374.29 | 1488.88 (11/2) | 1285.32 (8/7) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Cpn. (31/12/58) | 454.5 | 455.1 | 458.8 | c | 468.1 (8/7) | 388.7 (3/1) |
| **WORLD** | | | | | | |
| Capital Intl. (1/1/70) | – | 218.1 | 220.0 | 221.4 | 224.3 (17/7) | 184.8 (4/1) |

* Indicates pre-close figure ** Saturday August 3 Japan Nikkei Dow 12492.27 TSE 1013.86 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 101 and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

## LONDON

**Chief price changes**
(in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Allied Irish | 135 | +10 |
| Babcock Int. | 137 | + 8 |
| BP | 540 | +12 |
| Carpets Int | 59½ | + 5 |
| Cass | 170 | +35 |
| Consgold | 420 | +15 |
| Dixon (D) | 185 | +11 |
| Enterprise | 169 | + 8 |
| Glaxo | £13¼ | +¼ |
| Glynwed Int | 199 | + 7 |
| GKN | 220 | + 9 |
| Guinness | 258 | + 6 |
| Intasun | 130 | + 7 |
| Jardine Sec | 128½ | +9½ |
| Lasmo | 260 | +15 |
| Lyle Ship | 18½ | + 3 |
| Merc House | 222 | +17 |
| Owen Owen | 300 | +25 |
| Parrish (JT) | 410 | +35 |
| Rotork | 114 | + 9 |
| STC | 100 | + 4 |
| Tace (Nil-paid) | 80pm | +42 |
| TI | 330 | +12 |
| Unitech | 232 | +17 |
| Vickers | [illegible] | +13 |

FALLS

| | | |
|---|---|---|
| Beecham | 338 | − 5 |
| Burton | 455 | −10 |
| Clogau Gold | 21 | − 4 |
| GMK | 563 | −22 |
| Grand Met | 300 | − 5 |


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München, Maximilianstraße 17


# OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 29

| Stock | | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| ValNtl | 1.20 | 2486 | 37⅜ | 37⅛ | 37¼ | − ⅛ |
| ValLn | .40 | 8 | 22 | 22 | 22 | |
| VanDus | .40 | 257 | 16¾ | 15⅞ | 15⅞ | − ⅝ |
| Vanzetl | | 78 | 7½ | 7¼ | 7½ | − ¼ |
| Ventrex | | 304 | 3¾ | 3½ | 3⅝ | − ¼ |
| Vicorp | .09e | 228 | 26 | 25⅞ | 25⅞ | − ½ |
| ViedeFr | .22e | 90 | 10⅝ | 10½ | 10⅝ | |
| Viking | | 83 | 14 | 13½ | 13½ | − ½ |
| Viratek | | 17 | 15½ | 15 | 15 | |
| Vodavi | | 170 | 8¾ | 8⅜ | 8⅜ | − ⅜ |
| Voltinf | | 229 | 19½ | 18½ | 18¾ | |
| **W W** | | | | | | |
| WD 40 | .96 | 130 | 20½ | 19¾ | 20½ | + ½ |
| WalbCs | .24 | 8 | 13½ | 13½ | 13½ | − ¼ |
| WkrTel | | 814 | 9½ | 9 | 9⅛ | − ¼ |
| WshE | 1.76 | 156 | 21⅞ | 21⅛ | 21¼ | − ⅛ |
| WFSLs | .60 | 40 | 24¼ | 24 | 24 | − ¼ |
| WMSB | | 424 | 13¾ | 13½ | 13⅝ | − ⅛ |
| Wavetk | | 684 | 8½ | 8¼ | 8⅜ | + ⅛ |
| Webbs | .40 | 141 | 12 | 11¾ | 11¾ | |
| WestFn | | 164 | 16¼ | 17½ | 17¾ | + ¼ |
| WstFSL | | 200 | 17¼ | 17 | 17⅛ | − ⅛ |
| WMicTc | | 13 | 8 | 7½ | 7¾ | + ¼ |
| WtTlAs | | 174 | 13⅝ | 13¼ | 13½ | − ⅛ |
| WmorC | .40 | 62 | 17¾ | 17½ | 17¾ | + ¼ |
| WstwCs | | 4 | 16¼ | 16¼ | 16¼ | + ¼ |
| Wettra | .88 | 499 | 30¾ | 30½ | 30½ | − ¼ |
| Wicat | | 261 | 5½ | 5¼ | 5¼ | − ⅛ |
| Widcom | | 1448 | 9⅝ | 9 | 9¼ | + ⅛ |
| Willmt | 1.65 | 326 | 46½ | 46 | 46 | − ½ |
| WillAL | | 442 | 14⅝ | 14 | 14 | − ⅜ |
| WmsSn | | 13 | 17¼ | 16¾ | 16⅞ | |
| WilsnF | | 296 | 6¾ | 6½ | 6½ | − ⅛ |
| Windmr | .07 | 184 | 5⅛ | 4⅞ | 5⅛ | + ⅛ |
| WinnEn | | 203 | 8 | 7⅞ | 8 | |
| WiserO | .60 | x276 | 17 | 16⅝ | 16⅝ | − ⅜ |
| Woodhd | .60 | 32 | 13¼ | 13 | 13 | |
| Worthg | .64 | 225 | 28⅞ | 28¼ | 28¾ | |
| Writer | .15e | 194 | 7½ | 6¾ | 7 | − ½ |
| Wyman | .80 | 202 | 27 | 26¾ | 26⅞ | + ⅛ |
| **X Y Z** | | | | | | |
| Xebec | | 110 | 3 | 2⅞ | 2⅞ | |
| Xicor | | 648 | 8 | 8⅜ | 8⅜ | − ⅛ |
| Xidex | | 776 | 13⅝ | 13 | 13 | − ¼ |
| YlowFt | 1 | x182 | 41⅞ | 41⅝ | 41⅞ | + ¼ |
| ZenLbs | | 1262 | 26 | 24½ | 25¼ | + ½ |
| Ziegler | .48a | 19 | 12¼ | 12¼ | 12¼ | |
| ZionUt | 1.36 | 10 | 39 | 38½ | 38½ | − ½ |
| Zitel | | 13 | 3 | 3 | 3 | + ¼ |
| Ziyad | | 24 | 3½ | 5¼ | 5⅜ | − 1 |
| Zondvn | .06t | 177 | 12 | 11¾ | 11⅞ | |
| Zymos | | 353 | 3 1-16 | 2 15-16 | 2 15-1 | |

## MONTREAL

*Closing prices August 5*

| Sales | Stock | High | Low | Last | Chng |
|---|---|---|---|---|---|
| 11606 | Bank Mont | $30⅛ | 30 | 30 | |
| 164 | BombrdrA | $14¾ | 14¾ | 14¾ | +½ |
| 9639 | BombrdrB | $14⅝ | 14⅝ | 14⅝ | |
| 1350 | CB Pak | $21¼ | 21¼ | 21¼ | |
| 10300 | Cascades | $17½ | 17⅛ | 17¼ | |
| 300 | ConBath | $19 | 19 | 19 | +¼ |
| 106 | DomTxtA | $11¾ | 11¾ | 11¾ | −¼ |
| 9466 | Gaz Metro | $11½ | 11½ | 11½ | |
| 350 | MnfTrst | $15⅝ | 15⅝ | 15⅝ | −⅜ |
| 3500 | NatBk Cda | $21⅛ | 21⅛ | 21⅛ | |
| 400 | Power Corp | $27⅜ | 27⅜ | 27⅜ | −⅛ |
| 7357 | Royal Bank | $31⅛ | 31 | 31 | −⅛ |
| 75000 | RoyTrstco | $22 | 22 | 22 | +½ |

Total Sales 1,355,423 shares


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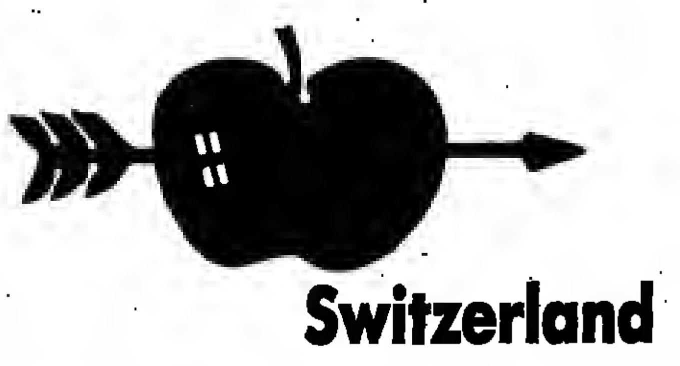

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*Prices at 3pm, August 6*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 23½ | 16 | AAR | .56 | 2.5 | 15 | 49 | 22¼ | 22 | 22 | |
| 17⅜ | 9¼ | AGS | | | 13 | 80 | 16½ | 16 | 16⅛ | −½ |
| 18½ | 9⅝ | AMCA | | | | 7 | 12¼ | 12¼ | 12¼ | −⅛ |
| 21½ | 13 | AMF | .25j | | 95 | 242 | 13½ | 13¼ | 13¼ | −⅛ |
| 13⅝ | 12⅞ | AMF wd | | | | 9 | 13⅜ | 13⅜ | 13⅜ | −⅛ |
| 50¾ | 24⅞ | AMR | | | 8 | 2323 | 50¼ | 49¾ | 49¼ | −½ |
| 22⅛ | 18⅝ | AMR pf | 2.18 | 9.8 | | 4 | 22⅝ | 22⅝ | 22⅝ | −⅛ |
| 25⅛ | 22⅞ | ANR pf | 2.67 | 11. | | 1 | 23½ | 23½ | 23½ | |
| 23 | 19 | ANR pf | 2.12 | 10. | | 2 | 20¼ | 20¼ | 20¼ | +⅛ |
| 14¼ | 7⅝ | APL | | | | 34 | 10⅛ | 10 | 10 | −⅛ |
| 81⅞ | 43¼ | ASA | 2 | 4.8 | | 848 | 44 | 43¼ | 43⅝ | +⅛ |
| 27 | 12½ | AVX | .32 | 2.3 | 10 | v150 | 14 | 13⅝ | 13⅝ | −¼ |
| 28⅛ | 17½ | AZP | 2.72 | 11. | 7 | 728 | 25 | 24¾ | 24¾ | −¼ |
| 60 | 36¾ | AbtLab | 1.40 | 2.6 | 15 | 1041 | 55⅝ | 54 | 54¼ | −1¼ |
| 25⅞ | 20 | AccoWd | .50 | 2.1 | 17 | 351 | 23½ | 23⅜ | 23⅜ | −⅛ |
| 24¾ | 12½ | AcmeC | .40 | 2.6 | | 39 | 15⅞ | 15⅝ | 15⅝ | −⅛ |
| 10⅛ | 7⅜ | AcmeE | .32b | 4.1 | 10 | 19 | 8 | 7⅞ | 7⅞ | −⅛ |
| 19 | 15½ | AdaEx | 1.92e | 11. | | 8 | 17⅞ | 17⅞ | 17⅞ | −⅛ |
| 20 | 13¼ | AdmMl | .32 | 1.9 | 7 | 13 | 17 | 16¾ | 16¾ | |
| 19½ | 8⅝ | AdvSys | .53t | 4.4 | 10 | 180 | 12¼ | 12 | 12 | +⅛ |
| 41⅛ | 22⅛ | AMD | | | 18 | 3252 | 29⅞ | 29¼ | 29⅜ | −⅜ |
| 12¾ | 8⅛ | Advest | .13 | 1.4 | 20 | 111 | 8⅞ | 8½ | 8⅞ | +¼ |
| 15⅞ | 9½ | Aeroflx | | | 13 | 73 | 14⅜ | 14 | 14¼ | +¼ |
| 49⅝ | 31¾ | AetnLf | 2.64 | 5.7 | 18 | 2005 | 47⅛ | 46⅝ | 46½ | −½ |
| 57⅞ | 52⅜ | AetL pf | 5.79e | 10. | | 2 | 50 | 50 | 50 | |
| 37⅜ | 18¼ | Ahmans | 1.20 | 3.9 | 8 | 1079 | 31¼ | 30¾ | 30¾ | |
| 57 | 42 | AirPrd | 1.20 | 2.1 | 12 | 623 | 56⅞ | 55⅞ | 55⅞ | −⅞ |
| 24⅜ | 15 | AirbFrt | .80 | 2.8 | 12 | 180 | 21¾ | 21¼ | 21¾ | +¼ |
| [illegible] | | | | | | | | | | |

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 40⅛ | 27¾ | Beverly | .32 | .9 | 19 | 314 | 37⅛ | 36⅛ | 36⅛ | −¾ |
| 25⅝ | 19⅞ | BigThr | .80 | 3.2 | 16 | 1081 | 25⅛ | 24¾ | 25 | +⅛ |
| 24⅛ | 13⅛ | Biocft n | | | 33 | 172 | 19⅞ | 19 | 19⅞ | −⅛ |
| 26⅞ | 18¾ | BlackD | .64 | 3.4 | 16 | 1172 | 19⅛ | 18⅞ | 18⅞ | −¼ |
| 34⅞ | 21¼ | BlckHP | 1.92 | 5.9 | 8 | 27 | 32⅞ | 32⅝ | 32⅝ | −¼ |
| 30⅞ | 14¼ | BlairJn | .28j | | | 163 | 17⅝ | 17⅜ | 17⅜ | −⅛ |
| 58⅞ | 39⅝ | BlckHR | 2.40 | 4.3 | 14 | 183 | 56¼ | 56½ | 55⅞ | −½ |
| 50½ | 33⅛ | Boeings | 1.08 | 2.2 | 18 | x3831 | 49⅝ | 48½ | 48¾ | −¼ |
| 51 | 36¼ | BoiseC | 1.80 | 4.2 | 18 | 759 | 45½ | 45 | 45 | −¼ |
| 81 | 48 | BoiseC pf | 5 | 8.7 | | 9 | 57¼ | 57¼ | 57¼ | −¼ |
| 29⅞ | 18⅝ | BoltBer | .10 | .4 | 28 | 91 | 28⅜ | 27½ | 27¾ | −¼ |
| 42½ | 28½ | Bordens | 1.52 | 4.0 | 11 | 647 | 38⅝ | 38¼ | 38¼ | +¼ |
| 24⅞ | 18⅞ | BorgWa | .62 | 4.0 | 12 | 1577 | 23¼ | 22¼ | 23⅛ | +⅞ |
| 9⅝ | 4¼ | Bormns | | | 14 | 81 | 8⅛ | 7¾ | 8 | −½ |
| 44⅞ | 27½ | BosEd | 3.24 | 8.6 | 8 | 109 | 38 | 37⅝ | 37⅞ | −⅛ |
| 85 | 64¼ | BosE pf | 8.88 | 11. | | z200 | 80¼ | 80¼ | 80¼ | |
| 11½ | 9⅛ | BosE pr | 1.17 | 11. | | 0 | 11 | 10½ | 10½ | −½ |
| 14⅛ | 10¾ | BosE pr | 1.46 | 12. | | 36 | 12⅞ | 13¼ | 12¼ | −1 |
| 25⅞ | 18¼ | Bowatr | .72 | 3.7 | 0 | 240 | 23⅝ | 23⅛ | 23⅛ | −¼ |

*We regret this listiung is incomplete because of a computer processing error.*

C C C

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 31¼ | 18⅝ | CenHud | 2.96 | 10 | 8 | 113 | 29 | 28¾ | 28 | +¼ |
| 21½ | 15¾ | CnIlPS | 1.64 | 8.7 | 10 | 147 | 19 | 18¾ | 18¾ | −¼ |
| 20⅛ | 19 | CnLaEl | 2.08 | 8.2 | 7 | 263 | 25⅝ | 25⅛ | 25⅝ | +⅛ |
| 37 | 30⅛ | CLaEl pf | 4.18 | 12. | | 8 | 35⅞ | 36½ | 35½ | −⅜ |
| 13⅞ | 8¾ | CeMPw | .40 | 12. | 101 | 152 | 12⅜ | 12⅛ | 12⅛ | −⅛ |
| 21¾ | 13¼ | CVtPS | 1.80 | 8.8 | 8 | 36 | 19½ | 19⅜ | 19⅜ | −⅛ |
| 11½ | 2½ | CentrDt | | | | 729 | 4¼ | 4 | 4 | −¼ |
| 12⅝ | 7¾ | CntryTl | .80 | 6.7 | 0 | 146 | 12 | 11¾ | 11⅞ | |
| 23½ | 18¼ | Cenvill | 2.40 | 12. | 8 | 55 | 18¾ | 18⅞ | 16¼ | −½ |
| 28½ | 15¾ | CrtTeed | .70 | 2.7 | 12 | 52 | 26⅝ | 26⅛ | 26⅛ | |
| 24⅝ | 18½ | CessAir | .40 | 1.8 | 21 | 177 | 22¾ | 22½ | 22⅝ | |
| 25⅜ | 18⅝ | Chmpln | .40 | 1.8 | | 2171 | 24¼ | 24⅜ | 24⅜ | +⅛ |
| 27⅝ | 19⅝ | Chml pf | 1.20 | 4.7 | | 5 | 25½ | 25½ | 23½ | −¼ |
| [illegible] | | | | | | | | | | |

Continued on Page 29

# NYSE COMPOSITE PRICES

Continued from Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day.

# AMEX COMPOSITE PRICES

*Prices at 3pm, August 6*

| Stock | Div | P/E | Sls 100s | High | Low | Close | Chnge |
|---|---|---|---|---|---|---|---|
| AcmePr | | | 2 | 3 | 3 | 3 | |
| Acton | | | 20 | 2⅜ | 2⅜ | 2⅜ | + ⅛ |
| AdRusl | .14 | 16 | 6 | 26⅝ | 26¼ | 26¼ | |
| Adobe | .28 | 12 | 109 | 17⅝ | 17½ | 17⅝ | + ⅛ |
| Aeronc | | 61 | 10 | 4¼ | 4¼ | 4¼ | |
| AlliPbs | .60 | 20 | 105 | 45⅝ | 45 | 45½ | + ½ |
| AirCal | | 5 | 18 | 10⅜ | 10⅜ | 10⅜ | − ⅛ |
| ArCalpf | 1.20 | | 91 | 12⅞ | 12⅞ | 12¼ | − ¼ |
| Alphain | .05 | 84 | 12 | 12¼ | 12¼ | 12¼ | |
| Amdahl | .20 | 16 | x172 | 14⅛ | 14⅛ | 14⅛ | − ⅛ |
| Alsrael | | | 2 | 42 | 6⅞ | 6¾ | 6¾ |

| Stock | Div | P/E | Sls 100s | High | Low | Close | Chnge |
|---|---|---|---|---|---|---|---|
| CwCPpf | 1.92 | | 16 | 23¼ | 23¼ | 23¼ | + ⅛ |
| CrutcR | | 1 | 184 | 13-16 | ¾ | ¾ | |
| CrystO | | | 112 | 2 | 2 | 2 | − ⅛ |
| Cubic | .39 | 12 | x17 | 22¼ | 22 | 22⅛ | + ¼ |
| **D D** | | | | | | | |
| DWG | .13t | 6 | 7 | 1⅛ | 1⅞ | 1⅞ | |
| Damson | | 2 | 182 | 3⅛ | 3¾ | 3⅞ | |
| DataPd | .18 | | 353 | 12⅞ | 12¾ | 12¾ | − ⅛ |
| Delmed | | | 435 | 2½ | 2½ | 2½ | |
| DevlCp | | 23 | 23 | 14⅛ | 13¾ | 14⅛ | − ⅛ |
| Digicon | | | 26 | 1⅞ | 1¾ | 1¾ | |

| Stock | Div | P/E | Sls 100s | High | Low | Close | Chnge |
|---|---|---|---|---|---|---|---|
| **I I** | | | | | | | |
| ImpOil | 2.1.60 | | 7 | 36⅜ | 36⅜ | 36⅜ | − ⅛ |
| InstSy | | 8 | 180 | 1¾ | 1⅝ | 1¾ | |
| IntCtyg | .40 | | 20 | 11¾ | 11⅝ | 11⅝ | |
| Intmk | .12b | | 18 | 14⅝ | 14⅜ | 14⅜ | − ¼ |
| IntBknt | | | 207 | 3⅞ | 3¾ | 3⅞ | |
| IntPwr | | 46 | 22 | 6⅝ | 6⅝ | 6⅝ | |
| IroqBrd | | 26 | 6 | 40⅛ | 40 | 40 | |
| **J K** | | | | | | | |
| Jetron | .71t | 14 | 51 | 7⅝ | 7½ | 7½ | − ⅜ |
| JohnPd | | | 31 | 3¾ | 3⅝ | 3¾ | |

| Stock | Div | P/E | Sls 100s | High | Low | Close | Chnge |
|---|---|---|---|---|---|---|---|
| HopeEv | | 5 | 5 | 3⅜ | 3⅜ | 3⅜ | |
| Presid | | 15 | 51 | 4 | 4 | 4 | |
| **R R** | | | | | | | |
| Ransbg | .72 | 45 | 25 | 16¼ | 16 | 16⅛ | |
| Robrt | A | | 41 | 41½ | 40⅞ | 41 | + ⅛ |
| RestAsc | | 16 | 70 | 6⅞ | 6½ | 6½ | − ⅜ |
| Rckwy | .30 | 20 | 30 | 36⅜ | 36 | 36 | − ⅜ |
| RBW | | 7 | 12 | 7⅛ | 7 | 7 | − ⅛ |
| Rykoff | .50 | 16 | 31 | 28¼ | 27⅞ | 28 | − ⅜ |
| **S S** | | | | | | | |

| Stock | Div | P/E | Sls 100s | High | Low | Close | Chnge |
|---|---|---|---|---|---|---|---|
| Compo | | | 30 | 8⅝ | 8⅝ | 8⅝ | − ⅛ |
| CmpCn | | | 25 | 6 | 7⅞ | 7⅞ | |
| Cnchm | .40 | 16 | 20 | 18⅜ | 18½ | 18½ | + ⅜ |
| ConcdF | | 15 | 17 | 6 | 7⅞ | 6 | + ⅛ |
| ConsOG | | | 6 | 5⅞ | 5⅞ | 5⅞ | − ⅛ |
| vjContA | | 4 | 160 | 13¼ | 13⅛ | 13⅛ | |
| ContMtl | | 6 | 26 | 22⅝ | 21½ | 21⅝ | − ⅜ |
| Cross | 1.44 | 15 | 16 | 32⅝ | 32½ | 32½ | − ¼ |
| CrnCP | | 58 | 11 | 19⅜ | 16⅝ | 16⅝ | + ¼ |
| CrCPB | | 48 | 11 | 13½ | 13⅝ | 13⅝ | |

| Stock | Div | P/E | Sls 100s | High | Low | Close | Chnge |
|---|---|---|---|---|---|---|---|
| **H H** | | | | | | | |
| Hanfrds | .38 | 15 | 45 | 34¼ | 34¼ | 34¼ | |
| HlthCh | | 20 | 28 | 9½ | 8⅝ | 9½ | − ⅛ |
| Heinick | .16 | 10 | 30 | 16 | 15⅝ | 16 | + ⅛ |
| HershO | | 26 | 30 | 4¼ | 4⅛ | 4⅛ | − ⅛ |
| HollyCp | .24 | 11 | 16 | 14¼ | 14¼ | 14¼ | |
| Horml | 1.66 | 13 | 1 | 38⅝ | 38⅝ | 38⅝ | |
| HrnHar | .71t | 15 | 138 | 6¼ | d 6⅛ | 6⅛ | − ¼ |
| HouOT | .91e | | 1005 | 4⅛ | 4⅜ | 4½ | |
| Huskyg | .35 | | 184 | 7⅛ | 6⅞ | 7 | |

| Stock | Div | P/E | Sls 100s | High | Low | Close | Chnge |
|---|---|---|---|---|---|---|---|
| **O P Q** | | | | | | | |
| OEA | | 13 | 54 | 21⅜ | 21¼ | 21¼ | |
| Oakwd | .08b | 12 | x28 | 16⅜ | 16⅛ | 16⅛ | |
| OzarkH | .20 | 11 | 2150 | 11⅛ | 10⅜ | 10¾ | + ¼ |
| PallCp | .48 | 21 | 195 | 39⅜ | 39 | 39⅛ | + ¼ |
| PE Cp | .25r | | 45 | 13-16 | ¾ | 13-16 | |
| PerlniC | .80 | | 6 | 29½ | 29⅜ | 29⅜ | − ⅜ |
| PetLw | | | 34 | 2⅜ | 2¼ | 2⅜ | − ⅛ |
| PionrSy | | | 4 | 3⅞ | 3⅛ | 3⅞ | − ⅛ |

| Stock | Div | P/E | Sls 100s | High | Low | Close | Chnge |
|---|---|---|---|---|---|---|---|
| WshPst | .96 | 15 | 3 | 117¼ | 116¾ | 116¾ | − ½ |
| Wthird | | | 11 | 3¾ | 3¾ | 3¾ | |
| Watsrg | .20 | 11 | 38 | 9¾ | 9¾ | 9¾ | |
| WDigitl | | 22 | 112 | 14¼ | 14 | 14 | |
| Wichita | | | 5 | 6⅛ | 5⅛ | 3⅞ | + ⅛ |
| Wickes | | 6 | 2191 | 4 7-16 | 4⅜ | 4 7-16 | − 1-16 |
| WwdeE | | 134 | 85 | 3⅞ | 3¾ | 3⅞ | + ⅛ |
| **X Y Z** | | | | | | | |
| Zimer | .05j | | 33 | 4⅝ | d 4½ | 4⅝ | |

# OVER-THE-COUNTER

*Nasdaq national market, 2.30pm prices*

| Stock | Div | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| ADC TI | | 10 | 16¼ | 16 | 16⅛ | + ⅛ |
| AFG | | 40 | 20¼ | 19¾ | 19¾ | |
| ASK | | 2866 | 13¼ | 13¼ | 13½ | |
| AamRt | | 74 | 21¼ | 20¾ | 21¼ | |
| Acadin | .20 | 535 | 6⅛ | 5¾ | 5¾ | − ⅜ |
| Acelrtn | | 16 | 9¼ | 9¼ | 9¼ | |
| AcuRay | .24 | 417 | 26¾ | 26¼ | 26¼ | − ¼ |
| AdacLb | | 268 | 2¾ | 2½ | 2⅝ | − ⅛ |
| Adage | | 66 | 7⅜ | 7 | 7 | |
| AdvCir | | 94 | 11⅝ | 11⅝ | 11⅛ | + ⅛ |
| Aequtrn | | 43 | 4⅛ | 4⅜ | 4⅜ | |

| Stock | Div | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| ChrDws | .40 | 16 | 16 | 16 | 12 | |
| Chyrns | .10b | 221 | 6⅞ | 6½ | 6¾ | − ⅛ |
| Cintas | .12e | 1 | 40½ | 40½ | 40½ | − ¾ |
| Cipher | | 774 | 18¾ | 17½ | 17¾ | − ⅜ |
| Cipnco | 1 | 31 | 6⅞ | 6⅝ | 6½ | + ⅛ |
| Circon | | 103 | 6¾ | 6¼ | 6½ | + ¼ |
| CtzSGa | .76 | 516 | 21⅜ | 21 | 21⅛ | − ¼ |
| CtzFid | 1.04 | 27 | 34 | 33⅝ | 33⅝ | − ¼ |
| CtzUt A | 1 | 109 | 39¾ | 39¼ | 39¼ | |
| CtzUt B | 1.96 | 12 | 36¼ | 60¼ | 36¼ | + 1 |
| CityFed | .40 | 348 | 13¾ | 13⅝ | 13⅝ | |

| Stock | Div | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| **F F** | | | | | | |
| FMI | | 472 | 9⅜ | 9⅛ | 9¼ | |
| FamRest | | 136 | 2⅞ | 6 13-16 | 2⅞ | |
| FarmF | | 12 | 15⅞ | 15½ | 15½ | − ¼ |
| FrmG | 1.70 | 238 | 63¾ | 63¼ | 33½ | − ⅛ |
| FedGps | | 1129 | 16 | 17¾ | 16 | + ¼ |
| Feroflu | | 282 | 9¼ | 5¾ | 6 | |
| Fibrons | | 116 | 15⅜ | 14⅞ | 15⅛ | + ⅛ |
| Fidlers | 1.82 | 100 | 30¾ | 30¼ | 30¼ | − ⅛ |
| FifthTs | 1.60 | 1 | 54 | 54 | 54 | |
| Figgie | .68 | 134 | 37⅝ | 37¼ | 37¼ | |
| FDataR | | 515 | 30¼ | 30 | 30 | |
| FExec | | 1136 | 13⅛ | 13 | 13 | |
| FFdCal | | 203 | 24¼ | 23¾ | 23¾ | − ½ |
| FFFtM | .40b | 14 | 23¼ | 23⅛ | 23¼ | + ¼ |
| FtFnCp | .80 | 14 | 25¾ | 25⅛ | 25½ | − ¼ |
| FtFnMs | | 14 | 16 | 16 | 16 | |
| FtFlBk | .40 | 19 | 28⅝ | 28⅝ | 28⅝ | − ⅛ |
| FJerNt | 1.80 | 332 | 34½ | 34⅛ | 34¼ | |
| FMdB | 1.60 | 401 | 53⅝ | 51 | 51½ | + ⅛ |
| FNtClns | 1.40 | 14 | 35⅛ | 35 | 35 | − ¼ |
| FNtSup | .02e | 64 | 23¾ | 23⅝ | 23¾ | + ¼ |
| FRBGa | 1.08 | 24 | 39½ | 39 | 39 | |
| FtSvFla | .80 | 90 | 28½ | 28 | 28½ | + ½ |
| FtSecC | 1.10 | 121 | 24⅛ | 23¾ | 23¾ | − ⅜ |

*We regret this listing is incomplete because of a computer processing error.*

| Stock | Div | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| **O O** | | | | | | |
| Oceaner | | 67 | 2¾ | 2¾ | 2¾ | |
| Ocilles | | 26 | 16¼ | 15¾ | 15¾ | − ½ |
| OgilGp | 1.08 | z110 | 45¼ | 44¾ | 44¾ | − ¼ |
| OhioCa | 2.80 | 152 | 62¼ | 61⅛ | 61⅛ | − 1 |
| OldKnts | 1 | 61 | 31½ | 31 | 31⅛ | + ⅛ |
| OldRps | .74 | 2481 | 36¾ | 36 | 36½ | − ⅛ |
| OldSpfC | 2.60 | 6 | 21⅞ | 21⅜ | 21⅞ | + ¼ |
| OneBcp | .38e | 116 | 21⅞ | 21⅛ | 21⅜ | + ⅜ |
| OnLine | | 11 | 8¾ | 8¾ | 8⅜ | |
| OpticC | | 78 | 15⅜ | 15 | 15 | − ¼ |
| OpticR | | 351 | 37½ | 37¼ | 37½ | + ¼ |

| Stock | Div | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| Selecds | .20 | 341 | 20½ | 20¼ | 20¼ | − ⅛ |
| Safeco | 1.60 | 8395 | 40 | 38¾ | 39 | − 1 |
| SafHlth | | 163 | 21¼ | 20⅛ | 21 | + ½ |
| StJude | | 63 | 14⅛ | 14 | 14¼ | − ¼ |
| StPaul | 3 | 845 | 73⅜ | 72½ | 72½ | − ⅝ |
| SalCpt | | 135 | 6⅝ | 5¾ | 5¼ | − ¼ |
| SanBar | .05r | 35 | 7¾ | 7¾ | 7¾ | |
| SatelSy | .12 | 39 | 7¼ | 7 | 7¼ | + ¼ |
| SavnF | 1.60a | 15 | 43½ | 43¼ | 43¼ | |
| SBkPSs | .44 | 441 | 15¼ | 14¾ | 15 | + ⅜ |
| ScanOp | | 120 | 8 | 7⅞ | 7⅞ | − ⅛ |


"What's special about these Danish companies?"

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# FINANCIAL TIMES
## WORLD STOCK MARKETS

### WALL STREET
## Blue chips retreat in selloff move

THE SELLOFF on Wall Street continued yesterday with blue chips slipping lower at midsession after some early bargain hunters returned to the sidelines, *writes Terry Byland in New York.*

The bond market remained subdued ahead of the first of the week's three auctions of Treasury securities.

At 3pm the Dow Jones industrial average was down 15.46 at 1,331.43.

Airline stocks continued to advance, and there was some support for utilities, always an indicator of market views on interest rates. But the industrial sector fell back on persistent selling pressure.

Banking stocks were subdued by the confirmation that BankAmerica, until recently the world's largest bank, had cut its dividend from 38 cents to 20 cents a share in a bid to strengthen its financial position. More than 3m BankAmerica shares traded early in the session, and the price fell $1¼ to $15⅛. The dividend cut – the first by the Californian bank since the bleak days of the depression – sharply reduces the yield of the stock which is still prominent in many institutional portfolios.

The bank stocks to feel the chill included Chase Manhattan, $⅜ off at $56⅜, J. P. Morgan, $⅜ down at $48⅜, and Citicorp, $⅜ down at $47⅞. However, selling of bank stocks was light.

The technology sector brushed off the latest bad news from the industry, leaving Control Data to suffer alone for its downgraded results already reported for 1984 and the first half of 1985. At $26⅝, Control Data shed $⅝ on light turnover.

IBM edged up $⅛ to $131⅛, Burroughs $⅛ to $64⅝, and Honeywell $⅛ to $65. Sperry, $⅛ off at $50⅜, remained hopeful of a new bid approach.

Mr Carl Icahn's disclosure to the SEC that he held 40 per cent of TWA, quickly followed by news that a further 1m share block had changed hands, left the airline's shares $⅛ off at $22⅝, against the $24 a share offered by Mr Icahn, which is $1 above the bid from Texas Air accepted by the TWA board. On the American Stock Exchange, Texas Air added $⅛ to $18⅛.

United Air, $1⅞ up at $59, continued to lead the domestic carriers ahead, with the brokerage analysts forecasting that increased traffic and lower fuel prices will push earnings ahead.

Pan Am, which disclosed a 13 per cent increase in July traffic, was $⅛ up at $7⅞, close to a new peak, with more than 1m shares traded early in the session.

Stock in National Intergroup jumped to $29⅞ initially but settled at $28⅜, $⅜ up on the offer of $35 from Leucadia for the 91 per cent of the equity not already held.

In entertainment issues, MGM-UA bounded by a further $1⅛ to $23⅞ in heavy trading, in response to Mr Ted Turner's plan to offer $29 a share or $1.5bn cash for the equity. The market's discount to the bid price indicates Wall Street's lack of conviction in the bid's prospects. CBS, another erstwhile Turner bid target, edged up $⅞ to $107⅞.

The Detroit auto stocks remained unimpressed by the latest sales figures from the industry. General Motors eased $⅛ to $71⅞, and Chrysler $⅜ to $36⅞. Only Ford, at $44⅞ managed a gain of $⅛. American Motors remained unchanged at $3⅛.

Defence stocks remained firm behind President Reagan's disclosure that he plans to force action on the federal deficit. Belief that the President will protect the industry against spending cuts left General Dynamics $⅞ up at $77⅛ and Boeing $⅜ up at $49⅝.

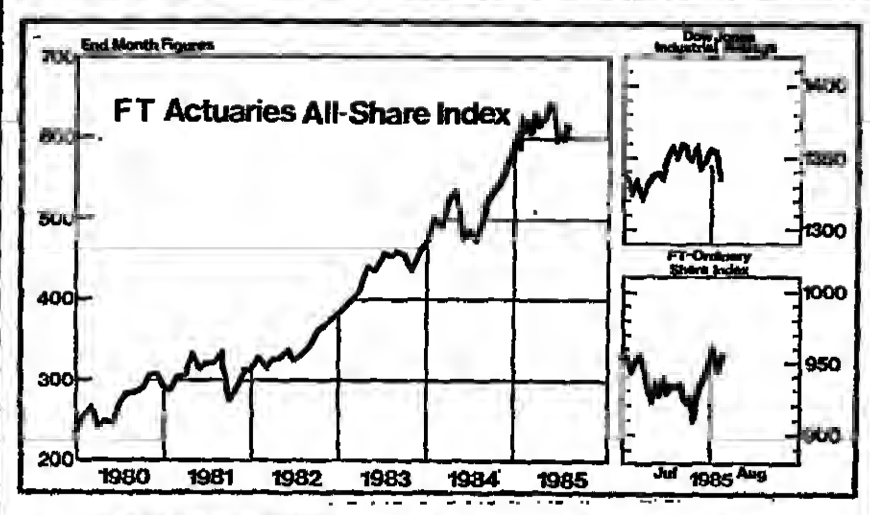
Dollar-oriented issues, such as pharmaceuticals, moved narrowly as the U.S. currency continued to strengthen. At $112⅝, Merck added $⅛ but Pfizer was $⅛ off at $49⅛. In an uncertain chemicals sector, Union Carbide fell $⅜ to $50⅝.

Other features included American Can, $⅛ off at $57⅞ after taking a stake in Jefferies, the major trader in the third market, where stocks are bought and sold off the major trading floors.

Ethyl, $⅜ up at $23⅛, topped the active list. Also busy again was Beatrice Group, $⅛ up at $32⅞, still responding to the change in boardroom leadership.

Early firmness in the credit markets was cooled towards midsession when federal funds moved up to 7⅞ per cent and the bond sector settled down to await news from the auction of $8.5bn in three-year notes – the opening of the record Treasury refunding programme.

## KEY MARKET MONITORS




### STOCK MARKET INDICES

| | Aug 6 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1,331.43* | 1,346.89 | 1,202.96 |
| DJ Transport | 687.27* | 694.53 | 528.57 |
| DJ Utilities | 154.60* | 155.31 | 126.40 |
| S&P Composite | 188.78* | 190.61 | 162.60 |
| **LONDON** | | | |
| FT Ord | 956.1 | 943.9 | 830.5 |
| FT-SE 100 | 1,287.5 | 1,271.8 | 1,061.4 |
| FT-A All-share | 818.73 | 612.66 | 501.33 |
| FT-A 500 | 677.65 | 670.64 | 542.90 |
| FT Gold mines | 298.1 | 309.2 | 521.0 |
| FT-A Long gilt | 10.30 | 10.29 | 10.87 |
| **TOKYO** | | | |
| Nikkei-Dow | 12,437.28 | 12,450.62 | 10,431.1 |
| Tokyo SE | 1,008.12 | 1,010.45 | 804.71 |
| **AUSTRALIA** | | | |
| All Ord. | 937.0 | 940.5 | 736.6 |
| Metals & Mins. | 541.8 | 543.4 | 465.2 |
| **AUSTRIA** | | | |
| Credit Aktien | 95.10 | 94.95 | 53.29 |
| **BELGIUM** | | | |
| Belgian SE | 2,302.34 | 2,301.81 | – |
| **CANADA** | | | |
| Toronto | | | |
| Metals & Minls | 2,084.4 * | 2,108.2 | 1,905.0 |
| Composite | 2,781.2 * | 2,798.2 | 2,303.9 |
| Montreal | | | |
| Portfolio | 136.64* | 136.97 | 114.66 |
| **DENMARK** | | | |
| SE | N/A | 217.44 | 194.09 |
| **FRANCE** | | | |
| CAC Gen | 216.1 | 215.6 | 162.7 |
| Ind. Tendance | 123.3 | 122.9 | 87.1 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 479.04 | 476.29 | 336.17 |
| Commerzbank | 1,407.7 | 1,400.7 | 978.6 |
| **HONG KONG** | | | |
| Hang Seng | 1,700.93 | 1,671.90 | 903.47 |
| **ITALY** | | | |
| Banca Comm. | 365.59 | 362.92 | 211.97 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 218.9 | 218.0 | 159.4 |
| ANP-CBS Ind | 188.3 | 188.0 | 128.5 |
| **NORWAY** | | | |
| Oslo SE | 347.27 | 349.95 | 265.08 |
| **SINGAPORE** | | | |
| Straits Times | 753.98 | 754.78 | 994.87 |
| **SOUTH AFRICA** | | | |
| JSE Golds | – | 829.3 | 917.2 |
| JSE Industrials | – | 921.2 | 794.1 |
| **SPAIN** | | | |
| Madrid SE | 110.46 | 110.56 | 100.28 |
| **SWEDEN** | | | |
| J & P | 1,372.37 | 1,376.19 | 1,538.73 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 454.5 | 455.1 | 373.5 |
| **WORLD** | Aug 5 | Prev | Year ago |
| Capital Int'l | 219.1 | 220.0 | 179.5 |

### GOLD (per ounce)

| | Aug 6 | Prev |
|---|---|---|
| London | $320.25 | $323.50 |
| Zürich | $320.60 | $323.75 |
| Paris (fixing) | $322.10 | $323.91 |
| Luxembourg | $321.85 | $323.50 |
| New York (Aug) | $320.70 | $323.50 |

* Latest available figure

### CURRENCIES

| (London) | U.S. DOLLAR Aug 6 | U.S. DOLLAR Previous | STERLING Aug 6 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.3465 | 1.3685 |
| DM | 2.849 | 2.825 | 3.8325 | 3.865 |
| Yen | 238.45 | 237.4 | 321.0 | 324.75 |
| FFr | 8.69 | 8.6125 | 11.68 | 11.785 |
| SwFr | 2.3625 | 2.322 | 3.1825 | 3.18 |
| Guilder | 3.2035 | 3.174 | 4.31 | 4.34 |
| Lira | 1,899.0 | 1,891.0 | 2,555.0 | 2,585.0 |
| BFr | 57.4 | 56.95 | 77.25 | 77.85 |
| C$ | 1.358 | 1.352 | 1.827 | 1.8515 |

### INTEREST RATES

| | Aug 6 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 11⅝ | 11⁹⁄₁₆ |
| SwFr | 4¾ | 4¹¹⁄₁₆ |
| DM | 4¹³⁄₁₆ | 4¹³⁄₁₆ |
| FFr | 12¼ | 12½ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 8¼ | 8⅛ |
| 6-month U.S.$ | 8⁷⁄₁₆ | 8½ |
| **U.S. Fed Funds** | 7¹⁵⁄₁₆* | 7¾ |
| **U.S. 3-month CDs** | 7.85* | 7.90 |
| **U.S. 3-month T-bills** | 7.24* | 7.26 |

### U.S BONDS

| Treasury | | Aug 6* Price | Aug 6* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|---|
| 8⅞ | 1987 | 99¹⁹⁄₃₂ | 8.12 | 99¹⁹⁄₃₂ | 9.119 |
| 10⅞ | 1992 | 99¹⁹⁄₃₂ | 10.46 | 99¹⁹⁄₃₂ | 10.469 |
| 11¼ | 1995 | 103²¹⁄₃₂ | 10.63 | 103¹⁹⁄₃₂ | 10.64 |
| 11¼ | 2015 | 104¹⁹⁄₃₂ | 10.75 | 104¹⁹⁄₃₂ | 10.749 |

| Corporate | Aug 6* Price | Aug 6* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| AT & T | | | | |
| 10⅜ June 1990 | 101⅜ | 9.96 | 101⅜ | 9.96 |
| 3⅞ July 1990 | 81⅛ | 8.52 | 81⅜ | 8.50 |
| 8⅝ May 2000 | 83⅞ | 11.02 | 84 | 11.00 |
| Xerox | | | | |
| 10⅞ March 1993 | 97.225 | 11.02 | 97.35 | 11.00 |
| Diamond Shamrock | | | | |
| 10⅜ May 1993 | 96.91 | 10.87 | 97.035 | 10.85 |
| Federated Dept Stores | | | | |
| 10⅜ May 2013 | 83⅞ | 10.87 | 84 | 10.95 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 101⅝ | 11.52 | 101⅜ | 11.50 |
| Alcoa | | | | |
| 12¼ Dec 2012 | 100⅞ | 12.02 | 101 | 12.00 |

*Source: Salomon Bros*

### FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| Sept | 75-04 | 75-15 | 75-04 | 75-04 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| Sept | 92.70 | 92.73 | 92.69 | 92.66 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| Sept | 92.03 | 92.05 | 92.03 | 91.96 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| Sept | 91.73 | 91.74 | 91.68 | 91.64 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| Sept | 111–14 | 112–03 | 111–14 | 111–23 |

### COMMODITIES

| (London) | Aug 6 | Prev |
|---|---|---|
| Silver (spot fixing) | 453.65p | 449.10p |
| Copper (cash) | £1,052.50 | £1,049.50 |
| Coffee (Sept) | £1,653.50 | £1,666.50 |
| Oil (spot Arabian light) | $27.275 | $27.275 |

### EUROPE
## Reservoir of interest at low level

THE SHALLOW reservoir of investor interest contracted again yesterday on the European bourses as the summer holiday season took hold, leaving volume at scant levels.

The firmer tone of the dollar had virtually no impact on a listless Frankfurt that saw blue-chip banks losing more ground on resurrected fears of Latin American debt problems despite the recent strong profits performance of the sector. The Commerzbank index managed a 7.0 point rise to 1,407.7.

Deutsche Bank suffered most. It fell DM 3.50 to DM 549.50 as Commerzbank dipped DM 1.30 to DM 212.50. Insurers perked up with a DM 35 rally to DM 1,780 for Munich Re while associate Allianz firmed DM 5 to DM 1,415.

Car makers, recently exposed to the vicissitudes of exchange rates and oscillating foreign interest, closed narrowly mixed, with BMW ahead DM 1.40 to DM 422.50 and Porsche off DM 1 DM 1,293. VW, which has claimed the laurels of leading European car group in volume terms, edged 50 pfg higher to DM 307.50.

Other features in the relatively drab session were Hoechst, DM 2.60 higher at DM 218, and König & Bauer which made its trading debut to close at DM 330 compared with its flotation price of DM 285.

Engineer Linde gained DM 6.50 to DM 493.50 ex-rights. Veba, which is seeking a share listing in Vienna, was unchanged at DM 236.20.

Department stores found some comfort in lingering hopes of lower interest rates, with Kaufhof adding DM 7 to DM 268.

Foreign demand, which ignored the stock market, surfaced in the bond market, pushing prices higher by up to 20 basis points with more recent issues particularly sought. The Bundesbank sold DM 60.1m in paper compared with Monday's DM 18.1m sales.

Milan managed to gain further ground although low volume was again the order of the day with demand acutely selective.

BI-Invest sparkled with a L730 rise to L6,180, and Banco Commerciale added L160 to L23,900.

Late profit-taking trimmed the gains for Fiat, which closed L49 higher at L4,249, and Montedison, L5 up at L6,200. Insurer Toro lost most of Monday's advance with its L90 setback to L17,900 while Snia also moved against the trend with a L21 decline to L3,439.

Zurich eased after Monday's overnight fall on Wall Street. Local investors were conspicuously absent leaving most sectors to drift aimlessly. Adia surrendered SwFr 15 of its previous session gain to close at SwFr 3,385, and leading foods group Nestlé lost a further SwFr 15 to SwFr 6,595. Union Bank dipped SwFr 10 to SwFr 4,290 although Ciba-Geigy managed one of the few respectable gains of the session with a SwFr 30 rise to SwFr 5,450.

The current lack of new issues offered a measure of support to bond prices which tended steady.

Internationals were the focus of attention in a mixed Amsterdam. Royal Dutch sprinted Fl 3.50 higher to Fl 195.80 as Akzo surrendered Fl 3.10 to Fl 121.50 despite its higher profits performance.

Elsewhere, banks attempted a late rally as Amro firmed Fl 1.70 to Fl 88.70, and NMB picked up Fl 2.50 to Fl 210.50. Bonds prices rose.

Paris remained subdued with only light trading evident. Perrier was again featured with another FFr 13 rally to FFr 494 while Peugeot traded FFr 13.50 higher to FFr 361.

Stores group Carrefour firmed FFr 60 to FFr 2,310 after its decision to take operational control of more than 10 Co-op hypermarkets in France.

Utilities weakened in an easier Madrid with Cantabrico 1 percentage point lower to 135 per cent of nominal value.

Chemicals group Ert dipped 1.25 points to 42.50 per cent as Aragonesas lost ½ point to 127 per cent.

Constructions were largely steady with Dragados and Huarte pegged at 136.50 and 105 per cent respectively.

Selective industrial gains contrasted with a largely unchanged Brussels as utilities finished mixed.

Zinc producer Vieille-Montagne picked up BFr 60 to BFr 6,950 although volume remained at recent levels.

Retailer Delhaize encountered profit-taking with a BFr 50 fall to BFr 7,750 while industrial leader Petrofina retreated BFr 40 to BFr 5,680.

Profit-takers gained the upper hand in Stockholm although Volvo moved against the trend with a SKr 3 advance to SKr 264.

### HONG KONG
## Flurry fuels run through barrier

A FLURRY of late buying in Hong Kong fuelled a strong rally, sending the Hang Seng index through the psychologically important 1,700 barrier to its best level in four years.

The index put on 29.03 points to 1,700.93 and most investors said they expected the rise to continue for some time as a result of low interest rates and expected gains in corporate profits.

Continued rumours about the sale of Hongkong Land by Jardine Matheson spurred a wave of local buying. The property group added 10 cents to HK$6.25 after rising 25 cents on Monday, and Jardine was 60 cents ahead at HK$13.30 after a 40-cent gain the previous day.

### SINGAPORE

SPECULATIVE issues were the only gainers in a mixed Singapore performance marked by short covering and stoploss selling.

The Straits Times industrial index, up 1.29 at midday, finished 0.80 lower at 753.98 while turnover rose to 10.8m shares from 7.9m the previous day.

DBS was steady at S$5.30 ahead of lower ower first-half profits, and QAF Holdings, which is controlled by members of Brunei's royal family, rose 5 cents to S$1.28 before announcing plans for a joint supermarket venture with Emporium Holdings.

### LONDON

LEADING stocks rebounded strongly in London, and many recovered losses sustained over the two previous sessions. The easier pound and news of a more favourable UK money supply trend were responsible for the market's change of heart.

Engineerings and stocks with overseas earnings potential flourished, and the FT Ordinary share index regained an early loss to end up 12.2 at 956.1.

In gilts, longer-dated issues closed marginally better on average, and short similarly retreated.

*Chief price changes, Page 27; Details, Page 26; Share price information, Pages 24-25.*

### AUSTRALIA

PROFIT-TAKING erupted in Sydney yesterday after Monday's strong gains, and the selling of gold miners triggered a downward trend across the board.

In golds, Central Norseman gave up its previous day's gain of 30 cents to end at A$9.50, GMK shed 20 cents to A$11.30 and Kidston, which gained 22 cents on Monday, lost 6 cents to A$5.24.

Banks and resource stocks were soundly bruised, with National Bank shedding 11 cents to A$4.45, Westpac losing 9 cents to A$4.81 and BHP off 6 cents at A$6.74.

Both Coles and Myer were steady at A$3.85 and A$3.20 respectively ahead of news on their merger plan.

### CANADA

GOLDS, hit by lower world bullion prices, dropped in Toronto, taking other sectors along with them.

Lac Minerals fell C$½ to C$33, and Dome Mines lost C$⅛ to C$11½.

Among other active issues, Gulf Canada rose C$⅜ to C$19⅝ after Friday's news that Olympia and York had acquired the company from Chevron.

Elsewhere, Alcan lost C$⅛ to C$37¼, Canada Trustco eased C$⅛ to C$43⅞ and Censtar fell C$1 to C$33⅞.

In Montreal, banks and utilities traded higher while falls were seen in industrials.

### SOUTH AFRICA

BOOSTED by a sharp decline in the rand, gold shares recovered from their lows to end mixed. The threat of a strike by miners remained a dampener on the market, however.

Kloof ended R1.25 easier at R61.75 after shedding R2.50 earlier in the session, while Buffels gained R2 to R62.

Mining financials and other mining stocks shadowed golds to end narrowly mixed. Anglo American lost 25 cents to R28.25, platinum producer Rustenburg added 25 cents to R15 and diamond share De Beers shed 5 cents to R10.05.

### TOKYO
## Institutions hover on sidelines

INSTITUTIONAL investors kept a low profile in Tokyo yesterday, and prices fell for the fourth consecutive session in extremely dull trading, *writes Shigeo Nishiwaki of Jiji Press.*

Only blue-chip electricals and precision instruments firmed due to buying by dealing divisions of securities houses and speculators.

The Nikkei-Dow market average lost 13.34 to 12,437.28 on a volume of 237m shares, up from Monday's 179m. Declines outpaced advances 457 to 323, with 130 issues unchanged.

Institutions have been active in the first six months of this year and have increased their agency transactions to 32.5 per cent from 15.9 per cent in 1975. If corporations investing surplus funds are included, the transactions are estimated at about 50 per cent.

Reflecting brisk demand for compact discs, Nippon Columbia was bought by dealing divisions of brokerage houses seeking immediate profits. Speculators joined in, pushing the issue up by Y80 to Y1,490 at one stage, but it closed unchanged at Y1,430 after late profit-taking. Meidensha Electric see-sawed on speculative interest, finishing Y48 higher at Y454.

Stimulated by these issues, blue-chip electricals and precision instruments advanced on light buying across a wide front. TDK rose Y170 to Y4,310, while Kokusai Electric and Sony jumped Y130 each to Y1,730 and Y3,800 respectively.

Nippon Steel topped the active list with only 9.97m shares changing hands, dipping Y1 to Y170. Kawasaki Kisen was placed second with 6.75m shares, but lost Y7 to Y200. Tokyo Electric Power dropped Y30 to Y1,990. Biotechnologies, financials, non-ferrous metals and assets-heavy stocks eased.

Mitsubishi Metal, which had been popular since late last week, lost Y26 to Y688 as a result of increased profit-taking on the day's third busiest trading of 8.18m shares. Sumitomo Construction closed Y29 lower at Y350.

Bond market buying by dealing banks increased, pushing up prices. The yield on the benchmark 6.8 per cent government bonds due in December 1994 dropped to 6.335 per cent from Monday's 6.355 per cent.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